

PETER G. VERNIERO
Attorney General of New Jersey
Attorney for The New Jersey Board
of Chiropractic Examiners
R.J. Hughes Justice Complex
CN 117
Trenton, NJ 08625

RECEIVED
STATE OF NEW JERSEY
OFFICE OF ADMIN. LAW

APR 14 10 18 AM '97

By: Lee Barry
Senior Deputy Attorney General
(609) 984-8469

STATE OF NEW JERSEY
DEPARTMENT OF LAW & PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
STATE BOARD OF CHIROPRACTIC EXAMINERS
OAL DOCKET NO. BDSCE 12304-94N

IN THE MATTER OF THE SUSPENSION
OR REVOCATION OF THE LICENSE OF

STEVEN VERCHOW, D.C.
LICENSE NO. MCO1305

and

ALEXANDER KUNTZEVICH, D.C.
LICENSE NO. MCO1451

TO PRACTICE CHIROPRACTIC IN THE
STATE OF NEW JERSEY

ORIGINAL

**CONSENT ORDER AND
STIPULATION OF DISMISSAL
PURSUANT TO N.J.A.C.
1:1-19-1(c)**

This matter came before the Court on the application of Lee Barry, Esq., Senior Deputy Attorney General for the State of New Jersey, Department of Law & Public Safety, Division of Consumer Affairs, attorney for the State Board of Chiropractic Examiners ("The Board") in this matter. Zulima V. Farber, Esq. and Richard D. Wilkinson, Esq. appeared for Respondents, Dr. Steven Verchow, D.C. and Dr. Alexander Kuntzevich, D.C.

The Board, by its counsel, filed a complaint against Respondents in this matter in October 1994, and filed an amended complaint in June 1995 seeking to suspend or revoke the licenses issued to Respondents to practice chiropractic in the State of New Jersey, and to obtain certain monetary and other relief from Respondents, based on alleged violations of various statutes and regulations governing the practice of chiropractic.

After several days of hearings in January and February 1996, the parties engaged in settlement discussions, and have reached a settlement of this administrative proceeding, as well as other related litigation, on the terms set forth in an agreement entitled Settlement Agreement and Releases dated March 31, 1997 (the "Settlement Agreement"). A true copy of the Settlement Agreement is attached hereto as Exhibit A, and is incorporated by reference herein. Pursuant thereto, with the consent and approval of all parties and their counsel, this proceeding is settled on the following terms and conditions:

1. Respondents make the admissions to the Board that are set forth in the Settlement Agreement.
2. As required by the Settlement Agreement, Respondents shall pay to the State the sum of \$750,000.00, part of which the State intends to allocate to the Board, on the terms and conditions more particularly set forth in the Settlement Agreement.
3. Respondents' chiropractic licenses (License Nos. MC01305 and MC01451, respectively) are hereby revoked, with a restriction barring application for relicensure for a period of five years. In recognition of the fact that the Verchow and Kuntzevich Clinics and Diagnostic Entities have been closed since February 1993, and in recognition of the fact that the individual private chiropractic practices of Verchow and Kuntzevich closed in December 1993 and February 1994 respectively, Verchow shall have the right to apply for relicensure on or after January 1, 1999, and Kuntzevich shall have the right to apply for relicensure on or after March 1, 1999.
4. In consideration of the foregoing and the additional promises and considerations set forth in the Settlement Agreement, this proceeding is hereby dismissed

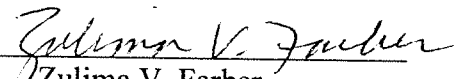
with prejudice (subject to the State's remedies in the event of a default) and without further costs, attorneys' fees or other payments by Respondents to the Board, and without any admissions of liability or wrongdoing except as set forth in the Settlement Agreement.

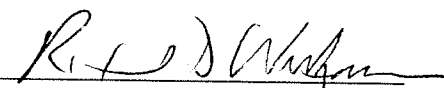


ELINOR R. REINER, A.L.J.

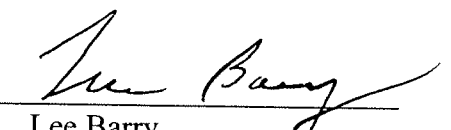
The undersigned parties, by their attorneys,
hereby consent and agree to be bound by
the terms of this Consent Order

LOWENSTEIN, SANDLER, KOHL,
FISHER & BOYLAN
Attorneys for Respondents

By: 
Zulima V. Farber

By: 
Richard D. Wilkinson

PETER G. VERNIERO
Attorney General of New Jersey
Attorney for The New Jersey Board of
Chiropractic Examiners

By: 
Lee Barry
Senior Deputy Attorney General

PETER G. VERNIERO
Attorney General of New Jersey
Attorney for Third-Party Plaintiff/Intervenor
R.J. Hughes Justice Complex
CN 117
Trenton, NJ 08625

ORIGINAL

By: Lee Barry
Senior Deputy Attorney General
(609) 984-8469

**SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: SOMERSET COUNTY
DOCKET NO. SOM-L-3105-91**

RAFAEL MORILLO and PATERSON-BERGEN
CHIROPRACTIC ASSOCIATES, et al.,

Plaintiffs,

- vs -

MARKET TRANSITION FACILITY/NJAFIUA,
improperly pleaded as or joined with MATERIAL
DAMAGE ADJUSTMENT and WARNER
INSURANCE SYSTEMS, et al.,

Defendant/Third-Party Plaintiff,

- vs -

PATERSON BERGEN CHIROPRACTIC,
ADVANCED THERMOGRAPHIC IMAGING,
ASSOCIATED HEALTH SERVICES, NORTHERN
DIAGNOSTICS, STEVEN VERCHOW, D.C.,
ALEXANDER KUNTZEVICH, D.C., HAROLD
CITRONENBAUM, M.D., BARRY K.
ROZENBERG, D.D.S., MICHAEL R. HERMAN,
D.D.S., BARBARA DIEKMAN, D.C., KURT
LUNDBURG, D.C., ROBERT STANLEY, D.C.,
STEPHEN VARGO, D.C., INGRID CATANIA,
D.C., LOWELL LAZARUS, D.C., ROBERT

Consolidated Civil Action

**SETTLEMENT AGREEMENT
AND RELEASES**

BRENDEL, D.C., ROBERT LADUCA, D.C.,
RONALD REEVES, D.C., SHARON DALY, D.C.,
ALBERT ROMANO, D.C., JOHN DOES, D.C.s I
through X, ROBERT W. JAMISON, D.O., DAN W.
PARKINSON, M.D., GARDEN STATE
ORTHOPAEDICS AND SPORTS MEDICINE,
CENTURY MEDICAL, INC., CENTURY
MEDICAL TRANSPORTATION, ACCIDENT AND
ILLNESS CENTER OF PASSAIC, ACCIDENT
AND ILLNESS CENTER OF PERTH AMBOY,
ACCIDENT AND ILLNESS CENTER OF
NEWARK, ACCIDENT AND ILLNESS CENTER
OF EAST ORANGE, BERGEN-HUDSON-PASSAIC
CHIROPRACTIC CENTER, NEURO-KINETIC
DIAGNOSTICS ASSOCIATES, CHIROPRACTIC
PHYSICIAN, individual and severally,

Third-Party Defendants.

**SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: SOMERSET COUNTY
DOCKET NO. SOM-L-2088-92**

GUILLERMO VECCO and PATERSON-BERGEN
CHIROPRACTIC ASSOCIATES,

Plaintiffs,

- vs -

WARNER INSURANCE SYSTEMS,

Defendant/Third-Party Plaintiff,

- vs -

PATERSON BERGEN CHIROPRACTIC,
ADVANCED THERMOGRAPHIC IMAGING,
ASSOCIATED HEALTH SERVICES, NORTHERN

Civil Action

DIAGNOSTICS, STEVEN VERCHOW, D.C.,
ALEXANDER KUNTZEVICH, D.C., HAROLD
CITRONENBAUM, M.D., BARRY K.
ROZENBERG, D.D.S., MICHAEL R. HERMAN,
D.D.S., BARBARA DIEKMAN, D.C., KURT
LUNDBURG, D.C., ROBERT STANLEY, D.C.,
STEPHEN VARGO, D.C., INGRID CATANIA,
D.C., LOWELL LAZARUS, D.C., ROBERT
BRENDL, D.C., ROBERT LADUCA, D.C.,
RONALD REEVES, D.C., SHARON DALY, D.C.,
ALBERT ROMANO, D.C., JOHN DOES, D.C.s I
through X, ROBERT W. JAMISON, D.O., DAN W.
PARKINSON, M.D., GARDEN STATE
ORTHOPAEDICS AND SPORTS MEDICINE,
CENTURY MEDICAL, INC., CENTURY
MEDICAL TRANSPORTATION, ACCIDENT AND
ILLNESS CENTER OF PASSAIC, ACCIDENT
AND ILLNESS CENTER OF PERTH AMBOY,
ACCIDENT AND ILLNESS CENTER OF
NEWARK, ACCIDENT AND ILLNESS CENTER
OF EAST ORANGE, BERGEN-HUDSON-PASSAIC
CHIROPRACTIC CENTER, NEURO-KINETIC
DIAGNOSTICS ASSOCIATES, CHIROPRACTIC
PHYSICIAN, MARY DOES I through X, individual
and severally,

Third-Party Defendants.

This Settlement Agreement and Releases ("the Settlement Agreement") is entered into among the following parties: The Attorney General of New Jersey; the New Jersey Commissioner of Banking and Insurance and the New Jersey Department of Banking and Insurance (collectively, "the Department"); The Market Transition Facility of New Jersey ("MTF"); the New Jersey Automobile Full Insurance Underwriting Association ("JUA") (collectively referred to as the "MTF/JUA"); the New Jersey State Board of Chiropractic Examiners ("the Board") (all of the foregoing collectively referred to as "the State"); Steven Verchow, D.C., and Alexander Kuntzevich, D.C. (collectively "V&K"). All of the foregoing are hereinafter referred to collectively as "the Parties."

RECITALS

1. Prior to February 1993, V&K owned and operated a number of chiropractic clinics, located in Paterson, Passaic, Perth Amboy, Newark, East Orange and West New York, NJ, as well as their own individual private chiropractic practices with offices located in Paramus and Oradell, NJ (collectively "the Clinics").

2. Prior to February 1993, V&K also owned and operated, either alone or with others, a number of diagnostic entities located in Paterson and Passaic, NJ (collectively "the Diagnostic Entities").

3. Over a period of time, primarily between 1991 and 1994, V&K caused the Clinics and/or the Diagnostic Entities to file many individual suits in various counties and divisions of the Superior Court of New Jersey, seeking to recover Personal Injury Protection Medical Expense Benefits allegedly due for services rendered. These suits were filed in the name of individual patient/PIP claimants or particular V&K Clinics and/or Diagnostic Entities against the MTF/JUA as defendants (collectively "the PIP Suits").

4. Most or all of the PIP Suits were thereafter consolidated in the Superior Court, Law Division, Somerset County, in the above-captioned action.

5. V&K also caused the Clinics and/or Diagnostic Entities to file several individual actions for PIP benefits in the name of individual patients or particular V&K Clinics and/or Diagnostic Entities against various private insurance carriers ("the Private Carriers"), which suits have not been consolidated in the above-captioned action.

6. The MTF/JUA subsequently asserted various claims by way of counterclaim and/or third-party complaint against V&K and other professionals and non-professional staff members, alleging violations of the New Jersey Fraud Prevention Act, N.J.S.A. 17:33-1, et seq., common law fraud, as well as violations of other statutes and regulations, and seeking various remedies, including restitution and damages.

7. Thereafter, the Department, represented by the Attorney General, intervened for the purpose of seeking statutory penalties pursuant to N.J.S.A. 17:33A-7.

8. In 1994, the Board, represented by the Attorney General, instituted administrative proceedings against V&K alleging various violations of State law and regulations relating to the practice of chiropractic (the "Administrative Proceeding"). The relief sought included the revocation or suspension of the chiropractic licenses of V&K, the imposition of penalties, and restitution or restoration to various parties allegedly damaged by V&K's alleged activities.

9. V&K admit that the following conduct, which has been the subject of sworn testimony, sworn statements, or admissions contained in settlements with various associate chiropractors and non-professionals formerly employed by V&K, if accurate, occurred while those professional and non-professional staff members were under the supervision of V&K, and that to the extent such testimony, statements and admissions are accurate, V&K did not adequately supervise their licensed and unlicensed employees, such that:

a. In many cases, the frequency of patient visits was scheduled without regard to the patients' needs.

b. In many cases, patient visits were scheduled by non-professionals without regard to the patients' needs.

c. In many cases, diagnostic tests were not specifically utilized by associate chiropractors in their treatment of patients, or in determining a patient's diagnosis.

d. Narrative reports prepared by associate chiropractors under the signatures of V&K did not necessarily represent fully the patients' true medical condition in many cases.

e. Chiropractic adjustments and other procedures, such as neuromuscular re-education, were frequently performed by associate chiropractors in a manner not fully in accordance with some accepted treatises in the field.

f. Attending Physician's Reports sent to insurance companies, which reports often indicated that the patients had permanent injury, were not always based on the treating physician's independent medical evaluation and judgment;

g. In a number of cases, the underlying patient records contained incorrect information. !

10. V&K further admit the following on direct knowledge:

a. In total, thousands of patients visited the V&K Clinics, resulting in millions of dollars in billings in each of the years 1991 and 1992. The bills sent to auto insurance carriers under pre-printed signatures of V&K contained a "Certification" which stated in part "I have read this report and bill for health services and/or materials." In the great majority of cases, however, the bills were not personally read by V&K.

b. Drs. V and K knew that patients and patient records were routinely referred to Drs. Citronenbaum, Jamison and Parkinson for testing and/or evaluation without personally undertaking to ensure that the testing or evaluations were medically necessary or that the results thereof would meaningfully assist the patients' course of treatment.

c. Professional and non-professional staff members received bonuses based on the number of office visits in a given time period, the number of diagnostic tests performed, and the number of durable medical goods prescribed and sold to patients.

d. In violation of Board regulations [N.J.A.C. 13:44E-2.4(b)], patient records did not conspicuously indicate the name of the particular chiropractor of record for each patient.

e. In violation of Board regulations [N.J.A.C. 13:44E-2.2(a)(6)], formal treatment plans were not established for each patient.

11. After several years of litigation, the Parties desire to resolve their differences by settlement without further litigation and its attendant risks, time and expense, without any admission of liability or wrongdoing except as expressly set forth herein and in the Consent Order to be entered in the Administrative Proceeding. The Parties have each determined that a settlement is in their best interests, and in the case of the State, the public interest.

NOW, THEREFORE, in consideration of the following mutual covenants, promises and undertakings set forth herein, the Parties agree to settle fully and finally all issues and claims in dispute on the following terms:

1. PAYMENT AND OTHER CONSIDERATION BY V&K:

a. V&K shall pay to the State the sum of \$750,000.00 (Seven Hundred Fifty Thousand Dollars) in full satisfaction of all claims that were or could have been asserted against V&K, the Clinics and all Diagnostic Entities, except Associated Health Services (hereinafter "AHS"), on the terms and conditions more particularly set forth in Section 3(d), for compensatory damages, restitution, restoration, fines, penalties, punitive damages, or any other form of monetary relief by the State in this action, any other civil action, and in the Administrative Proceeding.

b. The State intends to allocate 40% of the \$750,000.00 to the Board and 60% to the Department for the benefit of the MTF and JUA. The State hereby acknowledges that V&K have not participated in this allocation decision, and that the decision is the product of the State's sole discretion.

c. The State represents that, prior to the execution of this Settlement Agreement, it has engaged in such investigation and due diligence as it deems appropriate with respect to the assets and liabilities of V&K, and is satisfied, based on its own investigation, and the representations of V&K, that \$750,000.00 represents a fair and reasonable monetary settlement with V&K under the circumstances.

d. The \$750,000.00 shall be paid on the following terms:

1. \$250,000.00 upon execution of this Settlement Agreement (the "Execution Date").

2. \$250,000.00 not later than one year after the Execution Date ("Second Payment"); and

3. \$250,000.00 not later than two years after the Execution Date ("Final Payment").

e. V&K shall, in their sole discretion, have the right to prepay on the Execution Date or at any time thereafter, without any penalty or premium. If V&K elect to prepay, the balance due at the time of the election shall be present-valued using an assumed interest rate of 7.5 percent. No other party shall have the right to accelerate the payment schedule set forth in paragraph (d) above, except that the State shall have the right to declare the entire balance due and owing in the event of a default under ¶4(a) of this Settlement Agreement.

f. Unless prepaid pursuant to (e) above, the Second Payment shall be secured by the collateral described in Schedule 1 to this Settlement Agreement on such terms and conditions as V&K and the State shall hereafter mutually agree in writing. After the Second Payment has been made, the collateral described in Schedule 1 shall be rolled over to secure the Final Payment, unless V&K and the State mutually agree in writing upon different security for the Final Payment.

g. All checks for the payments set forth in this Section shall be made payable to the State as hereafter directed in writing.

h. In addition to the payment of the aforesaid amount, V&K agree to:

(1) File stipulations of dismissal with prejudice and without costs as to all of the pending PIP Suits, as referred to in ¶3 of the Recitals to this Settlement Agreement, as more particularly set forth in Exhibit B referred to in ¶3(b) of this Agreement.

(2) File stipulations of dismissal with prejudice and without costs as to all of the other actions for PIP benefits filed against Private Carriers from whom V&K receive Releases pursuant to ¶3 of this Settlement Agreement.

(3) V&K further covenant and agree not to make any effort to collect from, or to institute any other actions or proceedings in any forum against a) the MTF/JUA; b) any Private Carriers from whom V&K receive releases, or c) any persons insured by or through the MTF/JUA or such Private Carriers for PIP benefits, including deductibles, co-payments, lien letters, or other compensation for services rendered.

2. **LICENSE REVOCATION:** Pursuant to a Consent Order to be filed in the Administrative Proceeding in the form annexed hereto as Exhibit A, the chiropractic licenses of V&K (License Nos. MC01305 and MC01451, respectively) are to be revoked, with a restriction barring application for relicensure for a period of five years. In recognition of the fact that the V&K partnership Clinics and Diagnostic Entities have been closed since February 1993, and in recognition of the fact that the individual private chiropractic practices of Verchow and Kuntzevich closed in December 1993 and February 1994, respectively, Verchow shall have the right to apply for relicensure on or after January 1, 1999, and Kuntzevich shall have the right to apply for relicensure on or after March 1, 1999.

3. **RELEASES AND STIPULATIONS OF DISMISSAL:** In consideration of the foregoing payments and other consideration from V&K, the Parties further agree as follows:

a. **Dismissal of Administrative Proceeding:** The Administrative Proceeding shall be dismissed with prejudice and without costs as part of the Consent Order attached as Exhibit A hereto.

b. **Dismissal of These Consolidated Actions:** The Parties shall file a Stipulation or Stipulations of Dismissal with prejudice and without costs in the

form annexed hereto as Exhibit B as to all claims in the above-captioned consolidated actions between and among the Parties, including all claims against the Clinics and Diagnostic Entities, except AHS, for the reasons set forth in §3(d) below. The Stipulation or Stipulations shall also include claims between and among V&K and any of the associate chiropractors and non-professionals formerly employed by V&K who have given releases to V&K.

c. **Termination of Federal Action.** The parties hereby acknowledge that an action formerly pending in the United States District Court for the District of New Jersey entitled Steven Verchow and Alexander Kuntzevich v. Samuel Fortunato, et al, Docket No. 93-2095 (MTB) has been administratively terminated, and the Parties hereby release each other from any present or future claims that were or could be brought in relation to that action.

d. **Releases by State to V&K, et al.** The State hereby releases and gives up all claims of any kind against 1) V&K; 2) all of the Clinics; 3) all of the Diagnostic Entities except AHS; and 4) all of the non-professional staff members employed by V&K listed in Schedule 2 attached hereto in their capacity as employees, arising out of anything that has happened up to the date of this Settlement Agreement, whether known or unknown, asserted or unasserted, contingent or non-contingent, liquidated or unliquidated, in law or in equity with regard to their activities as employees of V&K, except that this release specifically excludes claims by the State against AHS and Dr. Harry Citronenbaum and claims involving present or former V&K employees in their capacity as patients of any V&K Clinics or Diagnostic Entities.

The exception to this Release with respect to AHS is intended to preserve any and all claims by the State against Dr. Harry Citronenbaum only, in view of the fact that he was or is one of the partners in AHS, and is not intended to preserve any actual or potential claims by the State against V&K, the Clinics, the

Diagnostic Entities and/or the nonprofessional staff members listed on Schedule 2. As such, the State agrees to mold any judgments obtained against AHS and/or Dr. Harry Citronenbaum to, in substance, give those parties credits equal to the amount of any judgments in indemnity or contribution against V&K, the Clinics and/or other Diagnostic Entities that those parties would otherwise be entitled to. By way of illustration, if the State obtains a judgment of \$100 against Dr. Citronenbaum, and Dr. Citronenbaum obtains a judgment against Drs. V&K for 10% of that amount in indemnification or contribution, then the State agrees to mold the judgment against Dr. Citronenbaum to \$90 (by crediting Dr. Citronenbaum with the \$10 that would otherwise be due from V&K). By way of further illustration, if the State obtains a judgment of \$100 against AHS, the State would not seek to collect any portion of that \$100 from V&K, regardless of their status as partners of AHS, since the State's intent in not releasing AHS is only to preserve its claims against Dr. Harry Citronenbaum. The State and Dr. Harry Citronenbaum would, therefore, have no right to collect any sum from V&K, the Clinics, the Diagnostic Entities, and/or the non-professional staff members listed on Schedule 2, regardless of any judgment the State may obtain against AHS or Dr. Citronenbaum. The parties recognize that it is not feasible at this time to specify in this Agreement precisely how any judgment will be molded or altered to achieve the purpose of this Section. For example, in lieu of a credit against the judgment amount, a judgment might incorporate the State's agreement to forego collection of the amount that would otherwise be due from V&K, the Clinics, or the Diagnostic Entities as a result of the contribution or indemnification claim filed by Dr. Harry Citronenbaum. The parties acknowledge, however, that their intent is that in the event that a contribution or indemnity claim filed by Harry Citronenbaum results in a judgment or judgments against V&K, the Clinics or Diagnostic Entities, the parties agree to cooperate with each other to see that this

provision is implemented at minimal cost to V&K and in such a manner that V&K, the Clinics, the Diagnostic Entities and/or nonprofessional staff members listed on Schedule 2 do not incur any liability for any judgment, settlement or portion thereof.

This release includes, but is not limited to, all claims that were or could have been asserted in these consolidated actions, the Administrative Proceeding, and any other action or proceeding pending between or among the Parties.

e. **Releases by V&K, et al. to State:** V&K and all of the Clinics and Diagnostic Entities hereby release and give up all claims of any kind against the State arising out of anything that has happened up to the date of this Settlement Agreement, whether known or unknown, asserted or unasserted, contingent or non-contingent, liquidated or unliquidated, in law or in equity. This release includes but is not limited to all claims that were or could have been asserted in these consolidated actions, the Administrative Proceeding, and any other action or proceeding pending between or among the Parties.

4. **DEFAULT:** A default will be deemed to have occurred under this Settlement Agreement if:

a. The payments from V&K are not made on a timely basis, and V&K fail to cure the default within 10 days after written notice to V&K's counsel, sent by fax and certified mail to Lowenstein, Sandler, Kohl, Fisher & Boylan, 65 Livingston Avenue, Roseland, New Jersey 07068 and to Verde, Steinberg & Pontell, One Parker Plaza, Fort Lee, New Jersey 07024; or

b. V&K fail to comply substantially with ¶1(h) hereof in a timely manner; or

c. V&K have made any material nondisclosures to the State concerning their assets and liabilities.

If a default occurs under (a), (b) or (c) above, the State may, at its option, file with the Superior Court of Somerset County a motion against the defaulting individual 1) to enforce the settlement; or 2) to set aside the settlement and reinstate all claims; and 3) for such other relief as may be appropriate. In addition, in the event that the representations made by V&K to the State with respect to their assets and liabilities contain any material misrepresentations concerning the existence of additional assets, then the payments due under ¶1(a) shall be increased by the value of such assets, and such additional payments shall be due upon written notice by the State to V&K of the discovery of the existence of any such assets. Notice shall be given in the manner set forth in ¶4(a) above. The State shall pursue enforcement of this provision by way of an appropriate action in the Superior Court of New Jersey.

5. OTHER PROVISIONS:

a. Maintenance of Records: All existing patient records relating to the V&K Clinics and Diagnostic Entities shall be kept by V&K through the period specified in N.J.A.C. 13:44E-2.2 (a) and (b), at their cost and expense. However, V&K shall not be required to keep the records at their current location, the Passaic office, nor shall they be required to retain any employees to maintain the records or their computer system unless required by statute or regulation to do so. If the State wishes to have the patient records and computer system maintained after the period specified in N.J.A.C. 13:44E-2.2(a) and (b) or any other applicable statute or regulation, the cost and expense shall be borne by the State. V&K shall give the State written notice whenever they intend to dispose of any patient records that are no longer required to be kept and may dispose of the patient records unless the State agrees to take possession within 30 days after V&K's written notice and maintain them at the State's cost and expense.

b. Costs and Attorneys Fees: The Parties shall each bear their own costs and expenses in connection with this action, the PIP suits, the

Administrative Proceeding, and all other actions or proceedings referred to herein, including attorneys' fees.

c. **No Other Admission of Liability or Wrongdoing:** Except as set forth in ¶9 of the Recitals, by entering into this Settlement Agreement no Party admits any liability or wrongdoing to any other Party or to any other person who is not a party to this Settlement Agreement.

d. **Entire Agreement:** Except as otherwise agreed to in writing and signed by the Parties, this Settlement Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter, and supersedes all prior agreements, understandings, representations and/or warranties, whether written or oral, relating to the subject matter of this Settlement Agreement.

e. **Governing Law:** This Settlement Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New Jersey.

9. **Successors and Assigns:** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto.

10. **Counterparts:** This Agreement may be executed in any number of counterparts with the same effect as if all the signatures were upon the same instrument.

IN WITNESS WHEREOF, the Parties hereto have set their hands by duly
authorized representatives this 31st day of March, 1997.

PETER G. VERNIERO
ATTORNEY GENERAL OF NEW JERSEY

By: Lee Barry
Lee Barry
Senior Deputy Attorney General
Division of Law

NEW JERSEY DEPARTMENT OF BANKING
AND INSURANCE

By: Elizabeth Randall

ELIZABETH RANDALL
NEW JERSEY COMMISSIONER OF BANKING
AND INSURANCE

By: Elizabeth Randall

THE MARKET TRANSITION FACILITY OF
NEW JERSEY AND THE NEW JERSEY
AUTOMOBILE FULL INSURANCE
UNDERWRITING ASSOCIATION (MTF/JUA)

By: _____
Neil Pearson, Trustee C.O.O.

NEW JERSEY BOARD OF CHIROPRACTIC
EXAMINERS

By: _____
Anthony DeMarco

IN WITNESS WHEREOF, the Parties hereto have set their hands by duly authorized representatives this 31st day of March, 1997.

PETER G. VERNIERO
ATTORNEY GENERAL OF NEW JERSEY

By: _____
Lee Barry
Senior Deputy Attorney General
Division of Law

NEW JERSEY DEPARTMENT OF BANKING
AND INSURANCE

By: _____

ELIZABETH RANDALL
NEW JERSEY COMMISSIONER OF BANKING
AND INSURANCE

By: _____

THE MARKET TRANSITION FACILITY OF
NEW JERSEY AND THE NEW JERSEY
AUTOMOBILE FULL INSURANCE
UNDERWRITING ASSOCIATION (MTF/JUA)

By: Neil Pearson
Neil Pearson, Trustee C.O.O.

NEW JERSEY BOARD OF CHIROPRACTIC
EXAMINERS

By: _____
Anthony DeMarco

IN WITNESS WHEREOF, the Parties hereto have set their hands by duly
authorized representatives this 31st day of March, 1997.

PETER G. VERNIERO
ATTORNEY GENERAL OF NEW JERSEY

By: _____
Lee Barry
Senior Deputy Attorney General
Division of Law

NEW JERSEY DEPARTMENT OF BANKING
AND INSURANCE

By: _____

ELIZABETH RANDALL
NEW JERSEY COMMISSIONER OF BANKING
AND INSURANCE

By: _____

THE MARKET TRANSITION FACILITY OF
NEW JERSEY AND THE NEW JERSEY
AUTOMOBILE FULL INSURANCE
UNDERWRITING ASSOCIATION (MTF/JUA)

By: _____
Neil Pearson, Trustee C.O.O.

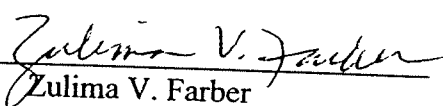
NEW JERSEY BOARD OF CHIROPRACTIC
EXAMINERS


By: Anthony DeMarco
Anthony DeMarco

GEBHARDT & KIEFER
Attorneys for MTF/JUA

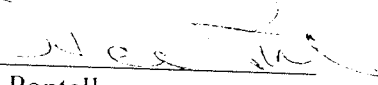
By: 
RICHARD P. CUSHING


LOWENSTEIN, SANDLER, KOHL,
FISHER & BOYLAN
Attorneys for Steven Verchow, D.C. and
Alexander Kuntzevich, D.C.

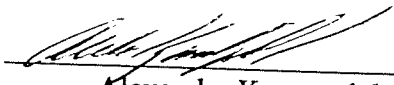
By: 
Zulima V. Farber

By: 
Richard D. Wilkinson

VERDE, STEINBERG & PONTELL
Attorneys for Steven Verchow, D.C.
and Alexander Kuntzevich, D.C.

By: 
Steven Pontell


Steven Verchow, individually and
on behalf of the Clinics and
Diagnostic Entities


Alexander Kuntzevich, individually and
on behalf of the Clinics and
Diagnostic Entities

Dated:

GEBHARDT & KIEFER
Attorneys for MTF/JUA

By: _____

LOWENSTEIN, SANDLER, KOHL,
FISHER & BOYLAN
Attorneys for Steven Verchow, D.C. and
Alexander Kuntzevich, D.C.

By: Zulima V. Farber
Zulima V. Farber

By: Richard D. Wilkinson
Richard D. Wilkinson

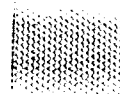
VERDE, STEINBERG & PONTELL
Attorneys for Steven Verchow, D.C.
and Alexander Kuntzevich, D.C.

By: Steven Pontell
Steven Pontell

Steven Verchow
Steven Verchow, individually and
on behalf of the Clinics and
Diagnostic Entities

Alexander Kuntzevich
Alexander Kuntzevich, individually and
on behalf of the Clinics and
Diagnostic Entities

Dated:



SCHEDULE 1

Block 4612, Lot 15, Paramus, New Jersey

Commonly known as: 374 Forest Avenue
Paramus, NJ 07652

This Mortgage, made the 31st day of March 19 97,

Between STEVEN VERCHOW and SARAH VERCHOW,
husband and wife

residing or located at 374 Forest Avenue
in the Borough of Paramus
Bergen and State of New Jersey in the County of
herein designated as the Mortgagor,

And State of New Jersey (through the Department of Banking and
Insurance and the Board of Chiropractic Examiners)

residing or located at 20 West State Street, CN 325, Trenton, New Jersey 08625-0325
in the City of Trenton in the County of
Mercer and State of New Jersey herein designated as the Mortgagee;

Witnesseth, that to secure payment of \$250,000
of lawful money of the United States of America, of the principal
and interest of the promissory note made and given by the Mortgagor to the Mortgagee, of the tenor and
purpose as follows: as set forth in the Settlement Agreement executed by the parties
under Docket No. SOM-L-3105-91.

This mortgage secures payment of the sum of Two Hundred Fifty Thousand (\$250,000)
Dollars (referred to in the aforesaid Settlement Agreement as the Second Payment)
due from the Mortgagor to the Mortgagee on or before March 30, 1998. Upon payment
in full of said Second Payment, this mortgage will remain of record to further
secure payment of the sum of Two Hundred Fifty Thousand (\$250,000) Dollars (referred
to in the aforesaid Settlement Agreement as the Final Payment) due from the
Mortgagor to the Mortgagee on or before March 30, 1999. Upon payment in full of
said Final Payment, this Mortgage shall be cancelled of record.
the Mortgagor hereby mortgages to the Mortgagee

All that certain lot,
tract or parcel of land and premises situate, lying and being in the Borough
of Paramus in the County of Bergen and State of
New Jersey, more particularly described as follows:

BEING Known and designated as Lot 12 in Block 3404C on a certain map entitled
"Redivision of Property in Block 3404 made for Homes by Ruta, Inc., at Paramus,
Bergen Co., N.J." filed in the Bergen County Clerk's Office on September 8, 1965,
as Map No. 6329.

Premises commonly known as 374 Forest Avenue, Paramus, New Jersey.

Commonly known as Lot 15, Block 4612 on the current Tax assessment map of the
Borough of Paramus, Bergen County, New Jersey.

Together with all and singular the buildings, improvements, ways, woods, waters, watercourses, rights, liberties, privileges, hereditaments and appurtenances to the same belonging or in anywise appertaining; and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and of every part and parcel thereof; And also all the estate, right, title, interest, use, possession, property, claim and demand whatsoever, of the Mortgagor both in law and in equity, of, in and to the premises herein described, and every part and parcel thereof, with the appurtenances. To Have and to Hold the same unto the Mortgagee and to the Mortgagee's proper use and benefit forever.

Provided always, and these presents are upon the express condition that if the Mortgagor shall well and truly pay to the Mortgagee, the sum of money mentioned in the said note and the interest thereon, at the time or times and in the manner mentioned therein, according to the true intent and meaning thereof, then these presents shall cease and be void, anything herein contained to the contrary notwithstanding.

Covenants:

1. SEIZIN AND WARRANTY. (R.S. 46:9-2) The Mortgagor warrants the title to the premises.
2. INDEBTEDNESS. The Mortgagor covenants that the Mortgagor will well and truly pay or cause to be paid to the Mortgagee, the said sum of money and interest according to the tenor and purport of the said note.
3. TAXES. The Mortgagor covenants and agrees to pay in full, all taxes, assessments or other governmental charges levied upon the lands and improvements embraced in this mortgage, and will claim no deduction from the taxable value of the mortgaged property by reason of this mortgage.
4. TAXES PAID. (R.S. 46:9-3) The Mortgagor covenants that no owner of the mortgaged property shall be entitled to any credit by reason of the payment of any tax thereon.
5. INSURANCE. (R.S. 46:9-5) The Mortgagor covenants that the buildings on the premises shall be kept insured against loss by fire and other casualty for the benefit of the holder hereof.
6. REPAIRS. The Mortgagor covenants to keep the buildings and improvements now on the mortgaged premises, and any other buildings to be erected thereon, in good and substantial repair.
7. DECLARATION OF NO OFFSET. (R.S. 46:9-7) The Mortgagor within 30 days, upon written request of the holder hereof, will furnish at the expense of said holder a statement of the amount due on this mortgage.
8. FIXTURES. The Mortgagor covenants and agrees that the Mortgagor will not remove or suffer to be removed from the mortgaged premises any fixtures as defined by the law in New Jersey, presently or in the future to be incorporated into, installed in, annexed or affixed to the realty; nor will the Mortgagor execute or cause to be executed any security interest upon any such fixtures, additions to, substitutions or replacements thereof or upon any fixtures in the future to be installed in, annexed or affixed to the premises, without the written consent of the Mortgagee.
9. PERFORMANCE. The Mortgagor covenants and agrees to perform and abide by the terms and covenants herein and the terms and covenants in the said note contained which are made a part hereof as though set forth herein at length.

A. EXPENDITURES BY MORTGAGEE. Upon any default by the Mortgagor of any of the covenants and terms hereof requiring the expenditure or outlay of monies by the Mortgagor or upon any default of payments due under any prior mortgage or under any security interest on fixtures upon the herein mortgaged premises, the Mortgagee may at Mortgagee's option expend the monies necessary therefor even to the extent of paying the entire balance of principal and interest due under any such prior mortgage or under such security interest, and the amounts so expended shall be a lien on the mortgaged premises added to and becoming a part of the principal sum due under said note and secured by this mortgage and shall be payable on demand with interest at 8 % per year from the date of such payments.

B. ACCELERATION. Upon — 40 — days default in the payment, when due, of any installment of principal or interest hereunder, or of any taxes, assessments or other municipal or governmental charges, or of insurance premiums, or should there occur any default by the Mortgagor in the performance of any other terms and covenants herein and in the said note contained, or of any mortgage to which this mortgage is inferior, or of any security interest on fixtures which are liens upon the lands and improvements embraced in this mortgage, or should there be any change in the ownership of the mortgaged premises other than by descent, or upon the appointment of a receiver of the property or the appointment of a receiver of the Mortgagor, or the appointment of a receiver of the property or the appointment of a receiver of the Mortgagor, or the assignment by the Mortgagor of the Mortgagor's assets for the benefit of creditors, then the aforementioned principal sum and all other sums of money due hereunder, together with interest and all arrearages of interest thereon shall, at the option of the Mortgagee, become and be due and payable immediately thereafter, although the period herein limited for the payment thereof may not then have expired, anything herein contained to the contrary notwithstanding.

C. POSSESSION AND RENTS. The Mortgagor hereby assigns to the Mortgagee the rents, issues and profits of the mortgaged property as further security for the payment of the indebtedness secured hereby and grants to the Mortgagee the right to enter upon the property for the purpose of collecting and applying the same, after payment of all necessary and reasonable charges and expenses, on account of the indebtedness. The Mortgagee hereby waives the rights granted hereunder and the Mortgagor may collect and receive such rents, issues and profits until there shall occur any default of the terms and covenants herein contained. In the event of any default of the aforesaid terms and covenants, then, in addition to all rights, remedies and recourses permitted by law, the Mortgagee shall have the right forthwith, after any such default to enter upon and take possession of the mortgaged property and let the property and receive the rents, issues and profits thereof and apply the same after payment of all necessary charges and expenses, on account of the amount hereby secured; and the Mortgagee shall also be at liberty, immediately after any such default, upon proceedings being commenced for the foreclosure of this Mortgage, to apply for the appointment of a receiver of the rents, issues and profits of the property and be entitled to the appointment of such receiver as a matter of right, as security for the amounts due the Mortgagee without consideration of the value of the mortgaged property or solvency of any person or persons liable for the payment of such amounts. The Mortgagor expressly covenants that the Mortgagor will not, without the written consent of the Mortgagee, receive or collect rents from any tenant, subtenant, undertenant or other occupant of the mortgaged property for a period of more than one month in advance of the date when such rent is due.

D. NON-WAIVER. Acceptance by the Mortgagee of any payments hereunder, after default, or the failure of the Mortgagee, in any one or more instances, to insist upon strict performance by the Mortgagor of any terms and covenants of this Mortgage or to exercise any option or election herein conferred, shall not be deemed to be a waiver or relinquishment for the future of any such terms, covenants, elections or options. Any default in the obligations of this Mortgage will be governed by paragraph 4 of the aforesaid Settlement Agreement. Wherever used herein, the words "Mortgagor" or "Mortgagee" shall be deemed to include succeeding owners of the mortgaged property or holders of this mortgage, respectively, regardless of the means of acquisition thereof and the word "note" shall include all notes secured hereunder.

Wherever in this instrument any party shall be designated or referred to by name or general reference, such designation is intended to and shall have the same effect as if the words "heirs, executors, administrators, personal or legal representatives, successors and assigns" had been inserted after each and every such designation. All the terms, covenants and conditions herein contained shall be for and shall inure to the benefit of and shall bind the respective parties hereto, and their heirs, executors, administrators, personal or legal representatives, successors and assigns.

In all references herein to any parties, persons, entities or corporations, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

THE MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT THE MORTGAGOR HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

In Witness Whereof, the Mortgagor has signed and sealed this mortgage, or if a Corporation, has caused this mortgage to be signed by its proper corporate officers and its corporate seal to be affixed, the day and year first above written.

Signed, Sealed and Delivered
in the presence of
or Attested by

Steven Verchow

Sarah Verchow

State of New Jersey, County of
that on, March 28 1997, before me, the subscriber, ss.: Be it Remembered,

personally appeared Steven Verchow and Sarah Verchow, husband and wife,

who, I am satisfied, are the persons named in and who executed the within Instrument, and thereupon they acknowledged that they signed, sealed and delivered the same as their act and deed, for the uses and purposes therein expressed.

STEVEN PATELL
ATTORNEY AT LAW
STATE OF NEW JERSEY

State of New Jersey, County of
that on 19, before me, the subscriber, ss.: Be it Remembered,

personally appeared
who, being by me duly sworn on oath, deposes and makes proof to my satisfaction, that he is the Secretary of

that the Corporation named in the within Instrument; is the President of said Corporation; that the execution, as well as the making of this Instrument, has been duly authorized by a proper resolution of the Board of Directors of the said Corporation; that deponent well knows the corporate seal of said Corporation; and that the seal affixed to said Instrument is the proper corporate seal and was thereto affixed and said Instrument signed and delivered by said President as and for the voluntary act and deed of said Corporation, in presence of deponent, who thereupon subscribed his name thereto as attesting witness.

Sworn to and subscribed before me,
the date aforesaid.

Prepared by: Joan M. Weidner
Deputy Attorney General

Note Mortgage

STEVEN VERCHOW and SARAH VERCHOW,
husband and wife

TO

Dated

19 97

To the Register or Clerk
County of

The within mortgage having been fully paid
and satisfied, you are hereby authorized to
cancel same of record.

Dated:

19

L. S.)

Signature of Mortgagee hereby certified to
be genuine.

President

Attest:

Secretary



10-11-12



SCHEDULE 2

LIST OF V&K NON-PROFESSIONAL STAFF TO BE RELEASED BY STATE

Dr. Kuntzevich & Dr. Verchow's Non-Professional Staff

| | | |
|--------------------------|-------------------------|----------------------|
| Acevedo, Marisol | Fernando, Lugo | Manansala, Rene |
| Agusto, Lucy | Ferreira, Cesar | Manlangit, Edwin |
| Aleman, Cari F | Ferreira, Diva | Martinez, Carolina |
| Andujar, Blanca | Ferrer, Bibiana | Martinez, Rosa |
| Arguello, Guido Giovanni | Ferrer, Mili Zoraida | Masias, Teresa |
| Argueta, Lidia | Ferreri, Thomas Michael | McCafferty, Florence |
| Argueta, Mirian J | Ferrero, Alison | McLoughlin, Regina |
| Arnone, Colleen | Figueroa, Suzette | Mendez, Claudia |
| Arocho, Myra | Finkelstein, David | Mendez, Isaias |
| Arroyo, Susanna | Finkelstein, Joshua | Mendez, Ivette |
| Aversa, Michele | Fiorinelli, Maira | Messaros, Christine |
| Avila, Luis | Florez, Alexander | Mischel, Sheerlee |
| Bais, Barbara | Fowler, Florence | Mitchell, Jeanette |
| Ballester, Haydee | Fuentes, Rosemary | Montalvo, Lourdes |
| Barber, Elizabeth | Fulgencio, Yesenia | Montanez, Aidy |
| Berrios, Elizabeth | Fuster, Ilia E | Montanez, Carmen |
| Bonachea, Mariela M | Galarza, Madeline | Montes, Iris |
| Brody, Jo-Ann | Garay, Ada V | Mora, Claribel |
| Burdoin, Maribel | Garay, Rafael | Muentes, Edwin |
| Bustos, Nelson | Garcia, Alicia C | Navarro Patricia |
| Calo, Carmen Lydia | Garcia, Ivon | Nieves, Iraida |
| Calvo, Jane | Gennaro, Terry | Nieves, Lydia |
| Campos, Maleska | Gomez, Barbara | Nieves, Nancy |
| Capella, Teresa Maria | Gonzales, Susana | Nieves, Pascual |
| Castro, Fernando | Gonzalez, Eddy | Nogueria, Beatrice |
| Castro, Isabel | Gonzalez, Rosalia | Ochoa, Ruth |
| Catala, Feceste | Guijarro, Raul | O'Connor, Michele |
| Cerulio, DC, Denise | Guillen, Michael | O'Donnell, Faith |
| Colon, Jannette | Hernandez, Alicia | Olivera, Teresita |
| Conklin, Robert | Hernandez, Gladys | Olmeda, Richard |
| Contreras, Yolanda | Hernandez, Magaly | Ortiz, Luz |
| Cruz, Estela | Heyaime, Cesar J | Ortiz, Noemi |
| Cruz, Nancy | Jacob, Adrian | Ortiz, Ruth |
| Davila, Janice | Jacob, Joseph | Osiol, Maria Carmel |
| Davila, Maria | Jerez, Gleire | Otero, Rolando |
| Degnan, Soraya | Jimenez, Mauricio | Paoli, Amy |
| Delis, Maria | Jimenez, Noemi | Patel, Chema |
| Devries, Kimberly G | Kaplan, Linda | Penas, Maria |
| Diaz, Jennifer | Kirste, Sandra | Perez, Juliana |
| Dickman, Linda | Kuntzevich, Myra | Perez, Madeline |
| Dickman, Margaret | Laboy, Juan | Perun, Ewa |
| Dimayuga, Ruben | Labriol, Donna | Pimentel, Jazmin |
| Dioses, Hector | Lamonica, Marilyn | Pimentel, Margarita |
| Ducos, Celeni | Langan, Ellen | Pora, Anna |
| Ehrlich, Jay | Laskin, DC, Lydia | Pozuelos, Silvia |
| Falzarano, Concetta | Lassalle, Aidalina | Quinones, Annette |
| Faria, Elizabeth | Lim, Wernher M | Quinones, Diane |
| Felipe, Blanca Rosa | Llanos, Esther | Quinones, Judy |

Dr. Kuntzevich & Dr. Verchow's Non-Professional Staff

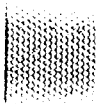
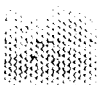
| | |
|-------------------------|------------------------|
| Ramirez, Rhina | Torres, Jacqueline |
| Ramos, Gisela | Torres, Jeanette |
| Ramos, Gloria | Torres, Maria |
| Ramos, Yesenia | Toyos, Myrna |
| Restrepo, Diane | Ursillo, Muriel |
| Rivera, Basilisa | Valentin, Raquel |
| Rivera, Bienvenida G | Vargas, Floribeth |
| Rivera, Rosa | Varma, Jayaprada ! |
| Rodriguez, Adriano J | Vazquez, Gloria |
| Rodriguez, Angel | Velasquez, Gloria |
| Rodriguez, Idania | Veloz, Heiddy |
| Rodriguez, Jocelyn | Vera-Tudela, Esther |
| Rodriguez, Lilian | Verchow, Sarah |
| Rodriguez, Linette | Vieira, Judith |
| Rodriguez, Rainier | Villanueva, Jacqueline |
| Rodriguez, Susan | Villanueva, Melody N |
| Roldan, Brenda | Villanueva, Nancy |
| Rosado, Gloria | Walther, William |
| Rosario, Ana | Weber, Mark |
| Rosario, Juan | Williams, Marva |
| Rosario, Yesenia | Wilson, Hamish |
| Ross, Amy | Yumul, Benito |
| Sanchez, Blanca | Yumul, Carina |
| Santana, Julio Angel | Yumul, Danielle |
| Santiago, Elizabeth | Yumul, Emerita |
| Santiago, Yeepsey | Yumul, Hilario |
| Santo, Christina | Yumul, Lydia |
| Santos, Mary | Zuleta, Fabio |
| Santos, Wanda | Zuzunaga, Veronica |
| Saparito, Drew | Zuzunaga, Juan |
| Saucedo, Lilia | |
| Schwartz, Amy P | |
| Sedano, Hugo Alex | |
| Seeley, Eric | |
| Sepulveda, Priscilla | |
| Shelley III, George | |
| Sidebottom Jr, George S | |
| Smith, Gurney A | |
| Smith, Maureen | |
| Soriano, Ramon | |
| Stanton, John | |
| Stinphile, Gilberte | |
| Suarez, Leopoldo | |
| Tejada, Yaira | |
| Thompson, Theresa | |
| Tolentino, Alberto | |
| Tomko, Carmen | |
| Toro, Jr. Pedro | |
| Toro, Yesenia | |



SCHEDULE 3

LIST OF PRIVATE CARRIERS PROVIDING RELEASES

Allstate Ins. Co.
State Farm Ins. Co.
Prudential Property & Casualty Ins. Co.
New Jersey Manufacturers' Ins. Co. !
Utica Mutual Ins. Co.



PETER G. VERNIERO
Attorney General of New Jersey
Attorney for The New Jersey Board
of Chiropractic Examiners
R.J. Hughes Justice Complex
CN 117
Trenton, NJ 08625

ORIGINAL

By: Lee Barry
Senior Deputy Attorney General
(609) 984-8469

STATE OF NEW JERSEY
DEPARTMENT OF LAW & PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
STATE BOARD OF CHIROPRACTIC EXAMINERS
OAL DOCKET NO. BDSCE 12304-94N

IN THE MATTER OF THE SUSPENSION
OR REVOCATION OF THE LICENSE OF

STEVEN VERCHOW, D.C.
LICENSE NO. MCO1305

and

ALEXANDER KUNTZEVICH, D.C.
LICENSE NO. MCO1451

TO PRACTICE CHIROPRACTIC IN THE
STATE OF NEW JERSEY

**CONSENT ORDER AND
STIPULATION OF DISMISSAL
PURSUANT TO N.J.A.C.
1:1-19-1(c)**

This matter came before the Court on the application of Lee Barry, Esq., Senior Deputy Attorney General for the State of New Jersey, Department of Law & Public Safety, Division of Consumer Affairs, attorney for the State Board of Chiropractic Examiners ("The Board") in this matter. Zulima V. Farber, Esq. and Richard D. Wilkinson, Esq. appeared for Respondents, Dr. Steven Verchow, D.C. and Dr. Alexander Kuntzevich, D.C.

The Board, by its counsel, filed a complaint against Respondents in this matter in October 1994, and filed an amended complaint in June 1995 seeking to suspend or revoke the licenses issued to Respondents to practice chiropractic in the State of New Jersey, and to obtain certain monetary and other relief from Respondents, based on alleged violations of various statutes and regulations governing the practice of chiropractic.

After several days of hearings in January and February 1996, the parties engaged in settlement discussions, and have reached a settlement of this administrative proceeding, as well as other related litigation, on the terms set forth in an agreement entitled Settlement Agreement and Releases dated March 31, 1997 (the "Settlement Agreement"). A true copy of the Settlement Agreement is attached hereto as Exhibit A, and is incorporated by reference herein. Pursuant thereto, with the consent and approval of all parties and their counsel, this proceeding is settled on the following terms and conditions:

1. Respondents make the admissions to the Board that are set forth in the Settlement Agreement.
2. As required by the Settlement Agreement, Respondents shall pay to the State the sum of \$750,000.00, part of which the State intends to allocate to the Board, on the terms and conditions more particularly set forth in the Settlement Agreement.
3. Respondents' chiropractic licenses (License Nos. MC01305 and MC01451, respectively) are hereby revoked, with a restriction barring application for relicensure for a period of five years. In recognition of the fact that the Verchow and Kuntzevich Clinics and Diagnostic Entities have been closed since February 1993, and in recognition of the fact that the individual private chiropractic practices of Verchow and Kuntzevich closed in December 1993 and February 1994 respectively, Verchow shall have the right to apply for relicensure on or after January 1, 1999, and Kuntzevich shall have the right to apply for relicensure on or after March 1, 1999.
4. In consideration of the foregoing and the additional promises and considerations set forth in the Settlement Agreement, this proceeding is hereby dismissed

with prejudice (subject to the State's remedies in the event of a default) and without further costs, attorneys' fees or other payments by Respondents to the Board, and without any admissions of liability or wrongdoing except as set forth in the Settlement Agreement.

ELINOR R. REINER, A.L.J.

The undersigned parties, by their attorneys,
hereby consent and agree to be bound by
the terms of this Consent Order

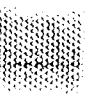
LOWENSTEIN, SANDLER, KOHL,
FISHER & BOYLAN
Attorneys for Respondents

By: Zulima V. Farber
Zulima V. Farber

By: Richard D. Wilkinson
Richard D. Wilkinson

PETER G. VERNIERO
Attorney General of New Jersey
Attorney for The New Jersey Board of
Chiropractic Examiners

By: Lee Barry
Lee Barry
Senior Deputy Attorney General



ORIGINAL

GEBHARDT & KIEFER, P.C.

1318 Route 31

CN4001

Clinton, NJ 08809

(908) 735-5161

Attorneys for Defendant/Third-Party Plaintiff, JUA/MTF

**SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: SOMERSET COUNTY
DOCKET NO. L-3105-91**

RAFAEL MORILLO and PATERSON-BERGEN
CHIROPRACTIC ASSOCIATES, et als.,

Plaintiffs,

Civil Action

- VS -

MARKET TRANSITION FACILITY, improperly
pleaded as, or joined with, MATERIAL DAMAGE
ADJUSTMENT,

**STIPULATION OF DISMISSAL
WITH PREJUDICE**

Defendants/Third-Party Plaintiffs,

- VS -

PATERSON BERGEN CHIROPRACTIC,
ADVANCED THERMOGRAPHIC IMAGING,
ASSOCIATED HEALTH SERVICES, NORTHERN
DIAGNOSTICS, STEVEN VERCHOW, D.C.,
ALEXANDER KUNTZEVICH, D.C., HAROLD
CITRONENBAUM, M.D., BARRY K.
ROZENBERG, D.D.S., MICHAEL R. HERMAN,

D.D.S., BARBARA DIEKMAN, D.C., KURT LUNDBURG, D.C., ROBERT STANLEY, D.C. STEPHEN VARGO, D.C., INGRID CATANIA, D.C., LOWELL LAZARUS, D.C., ROBERT BRENDL, D.C., ROBERT LADUCA, D.C., RONALD REEVES, D.C., SHARON DALY, D.C., ALBERT ROMANO, D.C., JOHN DOES D.C.s I through X, ROBERT W. JAMISON, D.O., DAN W. PARKINSON, M.D., GARDEN STATE ORTHOPAEDICS AND SPORTS MEDICINE, CENTURY MEDICAL, INC., CENTURY MEDICAL TRANSPORTATION, ACCIDENT AND ILLNESS CENTER OF PASSAIC, ACCIDENT AND ILLNESS CENTER OF PERTH AMBOY, ACCIDENT AND ILLNESS CENTER OF NEWARK, ACCIDENT AND ILLNESS CENTER OF EAST ORANGE, BERGEN-HUDSON-PASSAIC CHIROPRACTIC CENTER, NEURO-KINETIC DIAGNOSTICS ASSOCIATES, CHIROPRACTIC PHYSICIAN, ORADELL CHIROPRACTIC, RICHARD IACOBELLI, D.C., JOHN A. KIRIAKATIS, D.C., JESSE ROZENBERG, D.C., FRIEDA FINKELSTEIN, FRANK DI MARTINO, MARY PAT FERRERI, JAMES CRUZ, BEATRICE NOGUEIRA, SHARON MERCANDINO, CECILIA JARAMILLO, GLORIA MERCANO, AMBER ZAMARA and JANE DOES 1-25, through X individually and severally,

Third-Party Defendants.

The matter in difference in the above-entitled action having been amicably adjusted by and between the parties, it is hereby stipulated and agreed that the following be dismissed with prejudice and without costs:

1. All Complaints consolidated herein by plaintiffs/third-party defendants Steven Verchow, D.C., Alexander Kuntzevich, D.C., Paterson-Bergen Chiropractic Associates, Advanced Thermographic Imaging, Associated Health Services, Northern Diagnostics, Century

Medical, Inc., Century Medical Transportation, Accident and Illness Center of Passaic, Accident and Illness Center of Perth Amboy, Accident and Illness Center of Newark, Accident and Illness Center of East Orange, Bergen-Hudson-Passaic Chiropractic Center, Neuro-Kinetic Diagnostics Associates, Chiropractic Physician and Oradell Chiropractic against the defendant/third-party plaintiff JUA/MTF;

2. All Third Party Complaints consolidated herein by defendant/third-party plaintiff JUA/MTF against plaintiffs/third-party defendants Steven Verchow, D.C., Alexander Kuntzevich, D.C., Paterson-Bergen Chiropractic Associates, Advanced Thermographic Imaging, Northern Diagnostics, Century Medical, Inc., Century Medical Transportation, Accident and Illness Center of Passaic, Accident and Illness Center of Perth Amboy, Accident and Illness Center of Newark, Accident and Illness Center of East Orange, Bergen-Hudson-Passaic Chiropractic Center, Neuro-Kinetic Diagnostics Associates, Chiropractic Physician and Oradell Chiropractic;

3. All Complaints by third-party plaintiff/intervenor, Commissioner, NJ Dept. of Banking and Insurance against plaintiffs/third-party defendants Steven Verchow, D.C., Alexander Kuntzevich, D.C., Paterson-Bergen Chiropractic Associates, Advanced Thermographic Imaging, Northern Diagnostics, Century Medical, Inc., Century Medical Transportation, Accident and Illness Center of Passaic, Accident and Illness Center of Perth Amboy, Accident and Illness Center of Newark, Accident and Illness Center of East Orange, Bergen-Hudson-Passaic Chiropractic Center, Neuro-Kinetic Diagnostics Associates, Chiropractic Physician and Oradell Chiropractic.

VERDE, STEINBERG & PONTELL
Attorneys for Defendant/Third-Party
Defendants Steven Verchow, D.C.,
Alexander Kuntzevich, D.C. and
their entities

By: _____

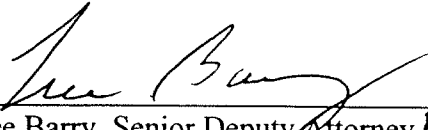
Steven Pontell, Esq.

GEBHARDT & KIEFER, P.C.
Attorneys for Defendant/Third-Party
Plaintiffs JUA/MTF

By: _____

Jacob A. Papay, Jr., Esq.

PETER VERNIERO
ATTORNEY GENERAL OF NEW JERSEY
Attorneys for Third-Party Plaintiff/
Intervenor, Commissioner. NJ Dept. of
Banking and Insurance

By: 
Lee Barry, Senior Deputy Attorney General

DEBORAH T. PORITZ
ATTORNEY GENERAL OF NEW JERSEY

NEW JERSEY BOARD OF
CHIROPRACTIC EXAMINERS

By: August T. Lembo
Deputy Attorney General
Division of Law
124 Halsey Street, 5th Floor
P.O.B. 45029
Newark, New Jersey 07102
Tel. No. (201) 648-3070

10-12-94

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STATE OF NEW JERSEY
DEPARTMENT OF LAW & PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
STATE BOARD OF CHIROPRACTIC EXAMINERS

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| IN THE MATTER OF THE SUSPENSION | : | Administrative Action |
| OR REVOCATION OF THE LICENSE OF | : | |
| | : | |
| STEVEN VERCHOW, D.C. | : | |
| LICENSE NO. MCO1303 | : | NOTICE OF HEARING AND |
| | : | NOTICE TO FILE ANSWER |
| and | : | |
| | : | |
| ALEXANDER KUNTZEVICH, D.C. | : | |
| LICENSE NO. MCO1451 | : | |
| | : | |
| TO PRACTICE CHIROPRACTIC IN THE | : | |
| STATE OF NEW JERSEY | : | |

TO: STEVEN VERCHOW, D.C.
374 Forest Avenue
Paramus, New Jersey 07652

ALEXANDER KUNTZEVICH
360 Kinderkamack Road
Oradell, New Jersey 07642

TAKE NOTICE that a Complaint, copy annexed hereto has been made to the New Jersey State Board of Chiropractic Examiners to consider the matter of the suspension or revocation of your license to practice chiropractic pursuant to the authority conferred upon the Board by N.J.S.A. 45:9-41.6 et seq., N.J.S.A. 45:1-14 et seq., laws pertinent to your profession and related administrative regulations. The Board requires you to file an

answer to the above charge within ten (10) days from service of the Complaint. You may file an answer by mail to the address below.

An admission that the Complaints correct will indicate that you do not contest the charges stated, thus rendering unnecessary any hearing in this proceeding. Your case will then be presented to the Board of Chiropractic Examiners together with any written matter you may submit with your plea in alleged mitigation of penalty, for a determination as to whether you license to practice should be suspended or revoked or a lesser sanction imposed and whether monetary penalties shall be assessed and, if so, the amount thereof pursuant to the authority conferred upon the Board by N.J.S.A. 45:9-41.6 et seq. and N.J.S.A. 45:1-14 et seq.

A denial of the Complaint will result in a formal hearing being conducted at a date, time and place to be determined by the New Jersey Board of Chiropractic Examiners which, upon notice to you, will hear the Complaint or refer the matter to the Office of Administrative Law. Adjournments will not be granted except upon timely written application to the Board and costs incurred as a result thereof may be taxed to you. You may appear at the hearing either in person or by attorney or both and you shall be afforded an opportunity to make defense to any or all of the charges.

Failure to respond to this Notice of Hearing and Notice to File an Answer or failure to appear as set forth herein may result in the matter being considered in your absence. A decision

rendered by the Board may affect your privilege to practice your
licensed profession in this State.

NEW JERSEY STATE BOARD OF
CHIROPRACTIC EXAMINERS

By: _____

Kay K. McCormack
Kay K. McCormack
Executive Director

DATED: _____

Oct. 12, 1994

KINDLY ADDRESS AN ORIGINAL AND ONE COPY OF ALL CORRESPONDENCE TO:

NEW JERSEY STATE BOARD OF CHIROPRACTIC EXAMINERS
124 HALSEY STREET, 6TH FLOOR
NEWARK, NEW JERSEY 07102

WITH A COPY TO:

DEBORAH T. PORITZ
ATTORNEY GENERAL OF NEW JERSEY
ATTN: AUGUST T. LEMBO
DEPUTY ATTORNEY GENERAL
DIVISION OF LAW, 5TH FLOOR
P.O.B. 45029
NEWARK, NEW JERSEY 07101

Robinson, St. John & Wayne
Two Penn Plaza East
Newark, New Jersey 07105
(201) 491-3300
Attorneys for Respondents Steven
Verchow and Alexander Kuntzevich

FILED

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NEW JERSEY BOARD OF
CHIROPRACTIC EXAMINERS

ORIGINAL

| | |
|-----------------------------------|---|
| IN THE MATTER OF THE SUSPENSION : | STATE OF NEW JERSEY |
| OR REVOCATION OF THE LICENSE OF : | DEPARTMENT OF LAW & PUBLIC SAFETY |
| STEVEN VERCHOW, D.C. : | |
| LICENSE NO. MCOI305 : | DIVISION OF CONSUMER AFFAIRS |
| and : | STATE BOARD OF CHIROPRACTIC |
| : | EXAMINERS |
| : | |
| ALEXANDER KUNTZEVICH, D.C.: : | ADMINISTRATIVE ACTION |
| LICENSE NO. MCO1451 : | |
| : | ANSWER, DEFENSES AND REQUEST |
| TO PRACTICE CHIROPRACTIC IN THE : | FOR PLENARY HEARING BEFORE |
| STATE OF NEW JERSEY : | <u>THE OFFICE OF ADMINISTRATIVE LAW</u> |
| : | |

Respondents Steven Verchow, D. C. and Alexander Kuntzevich, D. C. answer as follows:

ALLEGATIONS COMMON TO ALL COUNTS

Respondents admit the allegation contained in paragraphs 3-6, 8.

Respondents deny the allegations contained in paragraphs 7, 9-11.

Respondents are without knowledge or information sufficient to form a belief as to the truth
of the allegations contained in paragraphs 1-2, 12-16.

COUNT I

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny and/or are without knowledge or information sufficient to form a belief
as to the truth of the allegations contained in paragraphs 2-5.

Respondents deny the allegations contained in paragraph 6.

COUNT II

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny the allegations contained in paragraphs 2-4.

COUNT III

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny and/or are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 2-5.

Respondents deny the allegations in paragraphs 6-8.

COUNT IV

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny the allegations contained in paragraphs 2-3.

COUNT V

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny and/or are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 2-8.

Respondents deny the allegations contained in paragraph 9.

COUNT VI

Respondents incorporate prior answers as if fully set forth herein.

Respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 4.

Respondents deny the allegations contained in paragraphs 2-3, 5-6.

COUNT VII

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny and/or are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 2-5.

COUNT VIII

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny the allegations contained in paragraphs 2-5.

COUNT IX

Respondents incorporate prior answers as if fully set forth herein.

Respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 2-3.

Respondents deny the allegations contained in paragraphs 4-5.

COUNT X

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny the allegations contained in paragraphs 2-3.

COUNT XI

Respondents incorporate prior answers as if fully set forth herein.

Respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 3.

Respondents deny the allegations contained in paragraphs 2, 4.

COUNT XII

Respondents incorporate prior answers as if fully set forth herein.

Respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 3.

Respondents deny the allegations contained in paragraphs 2, 4.

COUNT XIII

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny the allegations contained in paragraphs 2-7.

COUNT XIV

Respondents incorporate prior answers as if fully set forth herein.

Respondents deny the allegations contained in paragraphs 2-6.

COUNT XV

Respondents incorporate prior answers as if fully set forth herein.

Respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 2-3.

Respondents deny the allegations contained in paragraphs 4-5.

WHEREFORE, Respondents respectfully request that the within proceeding be dismissed.

DEFENSES

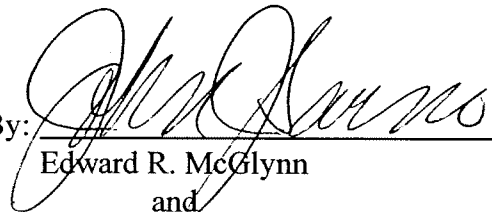
1. The Administrative Complaint has been brought in bad faith and in a discriminatory manner.
2. One or more members of the Board of Chiropractic Examiners ("Board") are biased against Respondents and have a conflict of interest.
3. The regulations relied upon by the Board have not been properly adopted under the Administrative Procedure Act.

4. The regulations relied upon by the Board cannot be applied retroactively.
5. To the extent that the Board seeks legal and/or equitable remedies, it does not have jurisdiction and its attempt to impose such remedies constitutes and ultra vires act and a violation of the separation of powers doctrine.
6. Respondents are being denied due process and equal protection of the laws under the State and Federal Constitutions.
7. The Administrative Complaint, together with other pending proceedings, constitutes an impermissible exercise of the State's police powers.
8. Portions of the Administrative Complaint are barred by the entire controversy doctrine and other like doctrines applicable to administrative proceedings.

**REQUEST FOR PLENARY HEARING BEFORE
THE OFFICE OF THE ADMINISTRATIVE LAW**

The within matter constitutes a contested case under N.J.S.A. 52:14B-11. All contested cases are referable to the Office of Administrative Law under N.J.S.A. 52:14B-10(c). Respondents request a plenary hearing on all issues before the Office of Administrative Law.

ROBIN, ST. JOHN & WAYNE

By: 
Edward R. McGlynn
and
John J. Sarno
Attorneys for Respondents

Dated: November 17, 1994

DEBORAH T. PORITZ
ATTORNEY GENERAL OF NEW JERSEY

FILED

OCT 12 1994

By: August T. Lembo
Deputy Attorney General
Division of Law
124 Halsey Street, 5th Floor
P.O.B. 45029
Newark, New Jersey 07102
Tel. No. (201) 648-3070

NEW JERSEY BOARD OF
CHIROPRACTIC EXAMINERS

ORIGINAL

STATE OF NEW JERSEY
DEPARTMENT OF LAW & PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
STATE BOARD OF CHIROPRACTIC EXAMINERS

| | | |
|---------------------------------|---|-----------------------|
| IN THE MATTER OF THE SUSPENSION | : | Administrative Action |
| OR REVOCATION OF THE LICENSE OF | : | |
| | : | COMPLAINT |
| STEVEN VERCHOW, D.C. | : | |
| LICENSE NO. MC01305 | : | |
| | : | |
| and | : | |
| | : | |
| ALEXANDER KUNTZEVICH, D.C. | : | |
| LICENSE NO. MC01451 | : | |
| | : | |
| TO PRACTICE CHIROPRACTIC IN THE | : | |
| STATE OF NEW JERSEY | : | |

Deborah T. Poritz, Attorney General of New Jersey, by
August T. Lembo, Deputy Attorney General, with offices located at
the Division of Law, 124 Halsey Street, 5th Floor, Newark, New
Jersey 07102, by way of Complaint says:

ALLEGATIONS COMMON TO ALL COUNTS

1. Complainant Attorney General of New Jersey is
charged with enforcing the laws of the State of New Jersey pursuant
to N.J.S.A. 45:17A-4 and is empowered to initiate administrative
disciplinary proceedings against persons licensed by the Board of
Chiropractic Examiners pursuant to N.J.S.A. 45:1-14 et seq.

2. The New Jersey State Board of Chiropractic Examiners is empowered with the duty and responsibility of regulating the practice of chiropractic in the State of New Jersey pursuant to N.J.S.A. 45:9-41.4 et seq. and N.J.S.A. 45:1-14 et seq.

3. Respondent, Steven Verchow, D.C. (hereinafter "Dr. Verchow") is the holder of License No. MC01305 with offices at 374 Forest Avenue, Paramus, New Jersey 07652, and has been licensed to practice chiropractic in the State of new Jersey at all times relevant hereto and particularly since at least in or about March 1991.

4. Respondent, Alexander Kuntzevich, D.C., (hereinafter "Dr. Kuntzevich") is the holder of License No. MC01451 with offices at 360 Kinderkamack Road, Oradell, New Jersey 07642 and has been licensed to practice chiropractic in the State of New Jersey at all times relevant hereto and particularly since at least in or about March 1991.

5. Respondents Steven Verchow and Alexander Kuntzevich (hereinafter "Respondents") owned or maintained various clinics (hereinafter "treatment centers") including but not limited to the following, at all relevant times, and particularly since in or about March 1991:

A. Accident and Illness Center of Passaic, located at 200 Gregory Avenue, Passaic, New Jersey (hereinafter the "Passaic treatment center").

B. Paterson-Bergen Chiropractic Associates, located at 650 Broadway, Paterson, New Jersey (hereinafter the "Paterson treatment center").

C. Accident and Illness Center of Perth Amboy, located at 255 Smith Street, Perth Amboy, New Jersey (hereinafter the "Perth Amboy treatment center").

D. Accident and Illness Center of Newark located at 90-A Broadway, Newark, New Jersey (hereinafter the "Newark treatment center").

E. Bergen-Hudson-Passaic Chiropractic Center, located at 5300 Bergenline Avenue, West New York, New Jersey (hereinafter the "West New York treatment center").

6. Respondents owned or maintained various clinics for the purported purposes of rendering diagnostic services (hereinafter "diagnostic clinics") at all relevant times and particularly since in or about March 1991, these clinics included, but are not be limited to, the following:

A. Associated Health Services, located at 74 Passaic Avenue, Passaic, New Jersey and 625/635 Broadway, Paterson, New Jersey.

B. Advanced Thermographic Imaging, located at 74 Passaic Avenue, Passaic, New Jersey and 625/635 Broadway, Paterson, New Jersey.

C. Neuro-Kinetic Diagnostics, located at 74 Passaic Avenue, Passaic, New Jersey and 625/635 Broadway, Paterson, New Jersey.

D. Northern Diagnostics located at 74 Passaic Avenue, Passaic, New Jersey.

7. Respondents employed for various periods of time, since in or about March 1991, at least fifteen chiropractic physicians (hereinafter, the "Associates"), licensed to practice chiropractic by the Board in the State of New Jersey, purportedly to offer diagnostic and chiropractic treatment services at the treatment clinics. Said Associates were commonly directed by Respondents to implement certain prescribed diagnostic and treatment formats in the rendering of chiropractic care to patients.

8. Respondents employed for various periods of time, since in or about March 1991, various persons who were not chiropractors licensed by the Board to perform certain health care services, to perform secretarial, clerical, record-keeping, telemarketing, public relations and managerial services at the treatment clinics and the diagnostic clinics at the direction of Respondents.

9. Respondents established the "Verchow and Kuntzevich method of chiropractic practice, patient relations and office administrative management and procedure", and this method was one of the premises upon which Respondents entered into employment contract agreements with Associates at various times since in or about March 1991.

10. Respondents directed, supervised and controlled the chiropractic practices of the Associates and required the

Associates to practice chiropractic in a prescribed manner as a condition for the Associates' continued employment with Respondents at all times relevant hereto and particularly since in or about March 1991.

11. Respondents directed the Associates and clerical staff to follow directions and instructions of certain licensed and unlicensed supervisory personnel with respect to the practice of chiropractic, including but not limited to, the rendering of chiropractic treatment services, chiropractic diagnostic services, billing for such services, patient record-keeping and relationships with third-party payers.

12. Respondents caused to be issued over their signatures, "Attending Physician's Reports" which were issued to obtain insurance reimbursement and which set forth what were purported to be accurate statements of the diagnoses of patients and the chiropractic services rendered to these patients.

13. Respondents caused to be issued over their signature lines, "Narrative Reports" concerning various aspects of the chiropractic care of the patients at the treatment clinics including, but not limited to, the conditions, symptoms, orthopedic and neurological examinations, various diagnostic tests, diagnoses and prognoses of the patients.

14. Pursuant to N.J.A.C. 13:44E-2.4(a), in effect since August 19, 1991, each patient in a chiropractic facility is required to have a chiropractor of record who shall remain primarily responsible for assuring the proper implementation of the

chiropractic services to be rendered to such patient regardless of whether the services are rendered by the chiropractor of record or by any other person rendering chiropractic services or ancillary treatment to the patient.

15. Pursuant to N.J.A.C. 13:44E-2.4(b), in effect since August 19, 1991, if the name of the chiropractor of record is not conspicuously identified on the patient record, it shall be presumed that the chiropractor of record is the owner of the practice in which the patient was treated. There was no designation of the chiropractor of record in a substantial number of the patient files of the treatment clinics.

16. Pursuant to N.J.A.C. 13:44E-2.4, in effect since August 19, 1991, any licensee found to have rendered services in violation of N.J.S.A. 45:1-21 and the owner of the faculty in which the licensee rendered such services shall be jointly and severally responsible for any restoration of patient fees as may be ordered by the Board.

COUNT I

CHARGING FOR SERVICES NOT RENDERED OR RENDERED IN AN ILLUSORY AND INEFFECTIVE MANNER

1. Complainant repeats the previous allegations as if fully set forth herein.

2. At all relevant times herein, and since March 1991, Respondents repeatedly directed, permitted and condoned certain acts and practices by the Associates; these acts and practices constituted the repeated rendering of diagnostic services in an

illusory, indiscriminate and ineffective manner. Respondents charged for these services. Specific examples of such conduct include, but are not limited to, the following:

A. Purported initial chiropractic examinations of patients were performed in a very short period of time, often in as few as three to five minutes; the Associates were required by Respondents to take only this time to perform examinations; these examinations were performed in an illusory indiscriminate and ineffective manner using only techniques and tests of short duration.

B. Chiropractic and orthopedic tests requiring shorter periods of time were repeatedly used, and tests requiring longer periods of time were avoided, in order to speed the initial examination process. When so administered in an abbreviated manner, said tests resulted in unreliable, often insufficiently specific, and therefore, inconclusive or inaccurate diagnostic findings, not supportive of subsequent diagnostic and treatment courses taken at the treatment centers. For example:

i. The following tests of short duration were repeatedly performed on patients including, but not limited to, Isabel Irizarry, Maria Ledesma, Dwight Turner, Leron Turner, Zoila Vargas and Margarita Nuviola: for example, cervical range of motion without the use of an arthrodial protractor or goniometer, foraminal compression, lumbar range of motion and deep tendon reflexes.

ii. The following tests of longer duration were rarely, if ever, performed on patients, including, but not limited to, I. I., M.L., D.Tu., L.T., Z.V. and M.N.: for example, mensuration, muscle testing, grip strength testing by hand dynamometer, Hoovers sign for malingering, and the Georges test. Such tests should have been performed on these patients, given their diagnoses and the circumstances of their cases.

C. Associates were directed by Respondents to make a finding of and to use the term "disk displacement" in their diagnoses of all patients. The initial examinations repeatedly concluded in the diagnoses of "disk wedging" or "disk displacement". For example, in all of the following patients, disk displacements or disk wedging was purportedly found

M.N.
J.M.
I.I.
L.T.
D.Tu.
Z.V.
M.A.
D.Ti.
B.W.
H.V.
D.To.
R.G.
T.O.
L.S.
M.Ma.
M.W.
M.L.
M.R.
T.C.
P.R.
C.F.
R.K.
A.B.
C.V.
J.P. and
A.P.

If the term "disk displacement" was intended to connote diagnostically significant disk bulging or disk herniation, then there were repeatedly insufficient chiropractic or medical indications in the patients' overall records to support such conclusions. If the term "disk displacement" meant a diagnostically insignificant condition common to most or all patients and to most or all human beings, then the use of the term was misleading and fraudulent.

D. Associates were directed by Respondents that diagnoses must not include the recognized but less serious chiropractic finding of "sprain/strain" which involves a muscle problem; instead, the more serious chiropractic finding of "radiculitis" was required by Respondents, even though, in most or all cases, sufficient chiropractic indications were lacking; radiculitis indicates nerve involvement.

3. As a result of the above stated illusory, indiscriminate or improperly performed diagnostic services, diagnoses on patients were repeatedly unreliable and therefore inconclusive or inaccurate in that they were overly broad, all-encompassing, and not pertinent and particularized to the individual patients being examined. The following patients' records reflect this type of diagnoses:

M.N.
J.M.
I.I.
L.T.
D.Tu.
Z.V.
M.A.

B.W.
H.V.
D.To.
R.G.
T.O.
L.S.
M.Ma.
M.W. and
M.L.

4. Respondents charged for chiropractic treatment services which were repeatedly rendered in an illusory, indiscriminate and ineffective manner. Such conduct included, but is not limited to, the following:

A. All patients at the Passaic treatment center, purportedly received, at each visit, what were purported to be an adjustment, plus heat treatment, plus either traction or electric muscle stimulation. At the Paterson treatment center, patients purportedly received the same series of treatments. Such conduct included, but is not limited to the following cases and purported treatments:

i. In the case of I.I., the patient was purportedly treated approximately 88 times from May 19, 1992 to November 12, 1992 (177 days). From May 19, 1992 to June 9, 1992, she purportedly received at each visit, a cervical adjustment, a thoracic adjustment, a lumbar adjustment, a pelvic adjustment, electric muscle stimulation and hydrotherapy. In that time period, she also, on five visits, purportedly received traction. From June 9, 1992 until October 25, 1992, she purportedly received the same adjustments and treatment including occasional traction as above, plus neuromuscular reeducation which was begun on June 9,

1992. From October 28, 1992 to November 12, 1992, the patient purportedly received all of the above treatments and adjustments.

ii. In the case of M.L., the patient was purportedly treated approximately 59 times from October 12, 1992 to January 27, 1993 (106 days). On every single visit, patient purportedly received a cervical adjustment, a thoracic adjustment, a lumbar adjustment, electric muscle stimulation, hydrotherapy and neuromuscular reeducation.

iii. In the case of D.T., the patient was purportedly treated approximately 88 times from July 2, 1992 to November 11, 1992. (132 days). On every single visit, the patient purportedly received a cervical adjustment and a thoracic adjustment, neuromuscular reeducation hydrotherapy. On all but 17 visits, he received electric muscle stimulation.

iv. In the case of L.T., the patient was purportedly treated approximately 47 times from July 2, 1992 to September 20, 1992 (80 days). On every single visit, the patient purportedly received a cervical adjustment and a thoracic adjustment. On all but two visits, he purportedly received a lumbar adjustment and a pelvic adjustment. He purportedly received neuromuscular reeducation and heat therapy on every single visit and electric muscle stimulation on all but 14 visits.

v. In the case of M.N., the patient was purportedly treated approximately 48 times from February 28, 1992 to June 3, 1992 (97 days). On every single visit, the patient purportedly

received a cervical adjustment, a thoracic adjustment and a lumbar adjustment, electric muscle stimulation and heat therapy.

vi. In the case of Z.V., the patient was purportedly treated approximately 48 times from October 25, 1991 to February 5, 1992 (73) days. On every single visit from October 29 on, the patient purportedly received a cervical adjustment, a lumbar adjustment, traction and heat therapy.

vii. In the case of M.A., the patient was purportedly treated approximately 86 times from May 19, 1992 to December 22, 1992 (216) days. Patient purportedly received cervical, thoracic and lumbar adjustments and hydrotherapy on each visit. She purportedly received neuromuscular reeducation 61 times on every visit from June 9, 1992 to November 13, 1992. (She terminated treatment because she did not want to continue care and did not want to take x-rays. She gave birth on December 29, 1992.)

viii. In the case of T.O. the patient was purportedly treated approximately 110 times from November 4, 1991 to May 14, 1992 (192 days). Patient purportedly received cervical, thoracic and lumbar adjustments on all visits except 7 (from January 30, 1992 to February 11, 1992, during which time a new travel card (the document used to record progress notes) was being used, and she only received purported cervical and thoracic adjustments.)

B. Chiropractic adjustments at the Passaic treatment center were purportedly rendered by use of the "activator", an instrument which is recognized by some in the chiropractic community as a proper tool for performing adjustments, but which

must be used according to proper protocol by properly trained persons in an appropriate manner under appropriate circumstances; associates at the Paterson and Passaic treatment centers were required by Respondents to use the activator in an illusory manner in practically every case in the absence of all the proper circumstances.

C. "Neuromuscular reeducation", a therapeutic procedure, was charged for after June 8, 1992, , but was repeatedly either not performed, or was repeatedly performed in an improper or illusory manner in a few seconds rather than in the normal thirty minutes normally required to properly and effectively perform this chiropractic procedure. This treatment was not rendered at the treatment centers prior to June 8, 1992, and was only purportedly rendered and billed for after that date, which was approximately two months after State law had changed regarding allowable billable costs. In addition, this purported "neuromuscular reeducation" was administered to patients whose symptoms did not justify and were not of the severity normally associated with the need for true neuromuscular reeducation.

In the following cases, improper or illusory neuromuscular reeducation was used:

I.I.
M.L.
D.Tu.
L.T.
M.A.
L.S.

In all of these cases treatment was rendered after June 8, 1992. In the case of Isabel Irizarry, neuromuscular reeducation was not used prior to June 8, 1992 but was used at each visit thereafter.

D. Various modalities including purported heat treatments, electric muscle stimulation and traction were repeatedly performed on patients without allowing sufficient time for the modalities to have the effect customarily and normally required in the utilization of these modalities.

5. Chiropractic treatments such as adjustments, heat treatments and electrical muscle stimulation treatments and neuromuscular reeducation were repeatedly charged for but were not rendered.

A. Patient D.To. has stated under oath that, once a week, she did not receive manipulations during her visits to the Paterson treatment clinic.

B. Patient C.C. has testified that he received manipulations only twice a week although the billing file indicates manipulations five times per week.

C. Patient J.P. has stated under oath that he did not receive heat packs each day although they were billed for each day.

D. In addition, the following patients have made statements concerning the treatments they received which, when compared with documentation of treatments billed, indicate that

the treatments charged for Respondents exceeded those stated by these patients to have been received.

1. N.P.
2. M.R.
3. R.J.
4. W.C.
5. I.R.
6. M.G.
7. M.Mu.
8. E.F. Sr.
9. E.F. Jr.

6. The charging for diagnostic and treatment services not rendered or rendered in an illusory indiscriminate or ineffective manner constitutes dishonesty, fraud, deception and misrepresentation on the part of Respondents.

7. All of the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(b) for the revocation or suspension of Respondents' licenses to practice chiropractic in the State.

COUNT II

FAILURE TO PERFORM CHIROPRACTIC DIAGNOSTIC
EXAMINATIONS APPROPRIATE TO THE PRESENTING
PATIENTS - VIOLATION OF N.J.A.C. 13:44E-1.1(b)
AND THEREFORE OF N.J.S.A. 45:1-21(h).

1. Complainant repeats the previous allegations as if fully set forth herein.

2. The progress note forms utilized by Respondents included a code system whereby

- "1" denoted "much better/no complaints",
- "2" denoted "doing fair/doing better",
- "3" denoted "little improvement",
- "4" denoted "same/no chance",

"5" denoted "worse",
"6" denoted "much worse" and
"7" denoted "new condition".

Dr. Kuntzevich demanded that Associates always place "3" or "4" on in the spaces provided for each visit to show the status of the patient at that visit. This practice contributed to substantially flawed patient records which made them unreliable in rendering proper ongoing diagnosis and treatment.

3. The illusory, indiscriminate and ineffective performance of chiropractic diagnostic examinations constitutes a violation of N.J.A.C. 13:44E-1.1(b) in that the examinations were not appropriate to the presenting patient.

4. All of the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(h) for the revocation or suspension of Respondents' licenses to practice in this State.

COUNT III

RENDERING OF CHIROPRACTIC TESTING AND TREATMENTS WITHOUT MEDICAL NECESSITY AND IN VIOLATION OF N.J.S.A. 45:1-21 (b)

1. Complainant repeats the previous allegations as if fully set forth herein.

2. At the Passaic treatment center, x-rays were ordered for the vast majority of patients, both adults and children, although many of these patients had already been x-rayed at a previous health care facility, had those prior x-rays available, and although the x-rays caused to be taken at the Passaic treatment

center were rarely if every utilized in determining a course of chiropractic treatment; the x-rays were taken solely to bolster the patients' automobile accident personal injury lawsuits.

3. Chiropractic treatments were repeatedly rendered according to uniform directive from Respondents and without any indications of there being any necessity for these treatments.

A. In the Passaic Treatment center, at least one of the Associates was told there must be seventy to eighty treatments for each adult and fifty treatments for each child.

B. At the Passaic treatment center, patients were, at one point, automatically scheduled for care five times during the first two weeks, three times during the second two weeks and two times during the third week of treatment; at some point in 1992, associates were directed by Respondents to schedule all patients six times per week for the first three months.

D. At the Newark treatment center, treatments were rarely terminated based on the finding by the treating associate that there was no further need for treatment, but solely because of the termination of insurance coverage, or, in rare instances, because the patient stopped returning for "treatments".

E. At the Passaic treatment center, patients were required by Respondents to have an adjustment, receive a heat modality and either electric muscle stimulation or traction at each visit as reflected in the examples set forth in Paragraph 4 of Count I herein.

F. At the Newark treatment center, patients received an adjustment and also traction, electric muscle stimulation and hot packs.

G. The reason that heat was one of the required modalities was because the modality could purportedly be used simultaneously with either traction or electric muscle stimulation traction. The application of electrical muscle stimulation simultaneous with traction would not be a preferred method of application because it would interfere with the effect of the rollers on the spinal segment..

H. The results of diagnostic tests repeatedly had no effect on and no rational relationship to the treatment regimen; associates at the Passaic and Newark treatment centers state that the results of the diagnostic tests had no effect on treatment. For example in the records of patients listed in Paragraph 4 of Count I, herein, there is rarely if ever an effect on treatment reflected in the records of these patients.

I. The length of application of modalities and of the time for adjustment at the Paterson and Passaic treatment centers was governed by a light timing system which artificially regulated and minimized the length of time during which modalities were applied (often approximately three to five minutes) and the length of time during which chiropractic adjustments could be performed (an additional three minutes), without regard to the individual and particularized needs of the patients purportedly being treated.

4. The reason Respondents directed that x-rays be taken in every case was that numerous x-rays were necessary to support litigation in automobile negligence personal injury actions, rather than for appropriate chiropractic and medical reasons.

5. The purpose for the prescribed number of treatments was to support litigation and to justify inflated damage claims in automobile negligence personal injury actions; if a patient stopped coming for treatments, letters were sent to the patients by staff assistants of Respondents threatening to provide a finding that no permanent injuries existed and threatening to advise the patient's attorney and insurance company that there was no medical reason for them to continue with the case. For example:

A. A letter sent over the signature, or purported signature, of Cecilia Jaramillo, the clinic director at the Passaic treatment center to patient Austria de la Rosa on July 27, 1992 threatened that, if the patient did not return for treatment or call within 5 days, a report would be sent to the patient's attorney stating that the patient has no permanent injuries and that there was no medical reason to continue with the patient's legal case.

B. An identical letter, verbatim except for the patients' names and the applicable dates, was sent to patient Luis Velez on July 23, 1992.

C. Form postcards from the Passaic treatment center, the West New York treatment center and the Newark treatment

center would notify the patient that he or she had missed scheduled appointments, and that the patient's case "is now in jeopardy".

6. Numerous expensive diagnostic tests were performed on patients by Respondents' treatment centers or diagnostic centers without any defined chiropractic justification or explanation, but solely to raise the amount of billings to be paid by third party payers and to support personal injury litigation by the patients. The patient records listed in Paragraph 4 of Count I reflect these types of diagnostic tests.

7. The predominant purpose for the regimens established by Respondents for diagnostic testing and treatment to was to support litigation and to justify inflated health insurance claims.

8. The rendering of chiropractic diagnostic and treatment services for no valid chiropractic, medical, or other health care purpose but to support litigation and to justify inflated health insurance claims constitutes dishonesty, fraud, deception and misrepresentation, and, therefore, grounds pursuant to N.J.S.A. 45:1-21(b) for the revocation of suspension of Respondents' licenses to practice chiropractic in this State.

COUNT IV

GROSS AND REPEATED ACTS OF NEGLIGENCE IN DIAGNOSTIC AND TREATMENT PROCEDURES.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. The illusory, indiscriminate and ineffective performance of chiropractic examinations including, but not limited

to, the performance of unnecessary and excessive x-rays, the performance of chiropractic services in the manner and according to the regimens established in the treatment clinics, and the unnecessary performance of diagnostic tests or the referral for such tests and the charging for these services constitute gross and repeated acts of negligence by Respondents.

3. The rendering of chiropractic diagnostic or treatment services in a grossly and repeatedly negligent manner constitutes grounds pursuant to N.J.S.A. 45:2-21(c) and (d) for the revocation or suspension of Respondents' license to practice chiropractic in the State.

COUNT V

PERFORMANCE OF DIAGNOSTIC TESTING AT THE TREATMENT CENTERS AND REFERRAL TO THE DIAGNOSTIC CENTERS AND OTHER HEALTH CARE PROFESSIONALS WITHOUT ADEQUATE CHIROPRACTIC OR MEDICAL JUSTIFICATION

1. Complainant repeats the previous allegations as if fully set forth herein.

2. Respondents caused to be performed diagnostic testing, either at the treatment centers or by referral to the diagnostic centers in which Respondents had a substantial financial interest, without adequate chiropractic or medical justification. The patient records of the patients listed in Paragraph 4 of Count I reflect the following tests performed without such justification.

A. Respondents caused Somatosensory Evoked Potential tests ("SSEPs") to be performed by Northern Diagnostics,

a facility which Respondents wholly owned, without chiropractic or medical justification and without sufficient indication in the patient records that simple pinwheel tests and other basic tests had been performed, and without sufficient indication of clinical findings sufficient to justify the performance of these SSEPs, the charges for which ranged from \$900 to, more often, over \$2,000, and often \$2,800 per patient.

B. Respondents caused thermograms to be performed at Advanced Thermographic Imaging, a facility which Respondents wholly owned, without chiropractic or medical justification and without sufficient indication in the patient records that other basic tests had been performed and without sufficient indication of clinical findings sufficient to justify the performance of these thermograms, the charges for which were normally \$1,290 for cervical, thoracic and lumbar thermograms, and occasionally \$1,720 when a facial thermogram would be added.

C. Respondents caused computerized mechanical, isometric muscle testing with torque curves (hereinafter "computerized muscle tests") and printed reports to be performed by Neuro-Kinetic Diagnostics, a facility which Respondents wholly owned, without chiropractic or medical justification and without sufficient indication in the patient records to justify the performance of these computerized muscle tests, the charges for of which were usually in the range of four hundred fifty (\$450) dollars. Patient records reflect two to as many as six test series

so that, for example, with one patient, the charges for these tests reached two thousand seven hundred (\$2,700) dollars.

D. Respondents caused nerve conduction velocity tests (hereinafter ("NCVs") and needle electromyographies (hereinafter "needle EMGs") to be performed by Associated Health Services, a facility which Respondents owned with Harry D. Citroenbaum, M.D., without chiropractic or medical justification and without sufficient indication in the patient records to justify the performance of these muscle tests, the charges for which ranged from \$400 to, more often, \$628 for needle EMG's.

E. Respondents caused patients to be referred for dental examinations to be performed by Drs. Rosenberg and Herman without chiropractic or medical justification and without sufficient indication in the patient records to justify referral of these patients. Drs. Rosenberg and Herman paid Respondents five hundred dollars for "rental" of facilities each time they came to the treatment centers to perform dental examinations.

F. Respondents referred patients for magnetic resonance imaging exams (hereinafter "MRIs") without sufficient justification and without sufficient indication in the patient records to justify such referral.

3. In an overwhelming majority of the cases in which these diagnostic tests were performed, the results were not received by the treatment clinics until one to two months after the tests had been performed, a period far in excess of the response time normally the case when tests are meaningfully ordered by the

treating physician, performed by the testing facility and the response received by the treating physician.

4. There is no indication that the results of these diagnostic tests had any significant effect on the treatment plan of the patients who were tested. The only significant effect appears to have been that when positive MRIs were received, diagnoses of "bulging disks" or "displaced disks" were changed to "herniated disks" to support a finding of more serious injuries.

5. These tests were automatically ordered for all patients without reference to any chiropractic or medical justification; scheduling was performed by unlicensed staff with no discretion allowed to be exercised by the licensed treating Associates. Associates were instructed to mechanically sign the prescription or referral forms; in addition, signature stamps for the Associates' signatures were also utilized to "sign" the prescription or referral forms without reference to any determinations made by the treating Associates.

6. Respondents signed medical insurance forms indicating that the services billed were rendered and were medically necessary and reasonable.

7. Given the inadequate initial diagnostic examinations and the uniform treatment programs not reflecting any adaptation to individual patients, the diagnostic tests such as SSEPs, thermograms, computerized muscle tests, NCVs, needle EMGs, MRIs and dental examinations were not performed with any apparent clinical purpose.

8. The indiscriminate referral for these diagnostic tests without sufficient chiropractic or medical justification but only for the purpose of increasing fees and revenues to Respondents and bolstering personal injury litigation of the patients constitutes dishonesty, fraud, deception and misrepresentation.

9. All of the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(b) for the revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT VI

REFERRALS FOR THE DIAGNOSTIC TESTS AND THE MANNER OF USE OR NON-USE OF THE RESULTS CONSTITUTED GROSS AND REPEATED ACTS OF NEGLIGENCE

1. Complainant repeats the previous allegations as if fully set forth herein.

2. The Respondents' indiscriminate referral for the diagnostic tests in the manner practiced by Respondents caused unnecessary pain and suffering to patients and unnecessary exposure to radiation.

3. Patients were caused pain and suffering unnecessarily by indiscriminate referral for needle EMGs which required the insertion of needles into patients' bodies and which thereby caused them substantial pain.

4. Respondents failed to secure the results of these tests, including but not limited to the needle EMGs and x-rays in a timely manner and to make use of the results to formulate a treatment plan.

5. Respondents' conduct in this manner constituted gross and repeated acts of negligence.

6. All of the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(c) and (d) for the revocation or suspension of Respondents' licenses to practice chiropractic in the State.

COUNT VII

DIAGNOSTIC TESTS PERFORMED IN RESPONDENTS' FACILITIES WERE PERFORMED IN A GROSSLY AND REPEATEDLY NEGLIGENT MANNER.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. Somatosensory Evoked Potentials tests performed by the Northern Diagnostics and the interpretation thereof were performed in an ineffective and negligent manner. For example in the case of patient D.U., SSEPs were performed on January 28, 1992 and a report was issued over the signature of Robert W. Jamison, D.O. The findings of the SSEP indicate "abnormal radial nerve somatosensory evoked potential". However, the actual tracings reflect no abnormal findings.

3. Within the test reports issued by Northern Diagnostics, and when the contents of those test reports are compared to the entire patient record of the pertinent patient, there are numerous discrepancies reflecting lack of necessity for the SSEPs, and that the tests were improperly performed or interpreted.

4. Respondents, as licensed chiropractic physicians and as owners of Northern Diagnostics, were responsible for diagnostic tests performed within that facility and were responsible to ensure that services rendered in that facility were not in violation of N.J.S.A. 45:1-21.

5. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(d) for the revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT VIII

COERCING PATIENTS TO CONTINUE TO RETURN FOR TREATMENTS IN A MANNER WHICH CONSTITUTES PROFESSIONAL MISCONDUCT, DISHONESTY, FRAUD, DECEPTION OR MISREPRESENTATION.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. If patients did not come for scheduled appointments, Respondents caused telephone calls to be made to harass the patients for not returning for appointments.

3. If a patient did not come for appointments, Respondents caused to be issued written correspondence threatening that the delinquent patient's legal case placed was in jeopardy and further threatening that reports would be forwarded to the patient's attorneys and insurance companies stating that such patient had no permanent injuries and that there was no medical reason for the patient to continue with the case. Examples of such correspondence are set forth in Paragraph five of Count III herein.

4. Such conduct constitutes the use of dishonesty, fraud, deception or misrepresentation and professional misconduct.

5. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(b) and (e) for the revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT IX

PRESCRIBING TENS UNITS AND OTHER CHIROPRACTIC AND MEDICAL HARDWARE WITHOUT CHIROPRACTIC OR MEDICAL NEED.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. Hardware supplies such as TENS units, and in the cases of purported neck problems, supplies such as cervical pillows, heating pads and cervical collars, and, in the case of purported lumbar problems, supplies such as lumbar cushions, support belts and heating pads, were regularly supplied on a routine basis according to prearranged schedules and without regard to the individual medical needs of the patients in each case.

3. Although the associate chiropractor rarely if ever made individual decisions to prescribe TENS units, such units were routinely issued to the patients.

4. The indiscriminate issuance of such chiropractic and medical hardware, without sufficient indication of chiropractic or medical need, but only for the purposes of raising revenue for Respondents and bolstering patients' personal injury litigation

cases, constitutes dishonesty, fraud, deception and misrepresentation.

5. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(b) for revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT X

DISPENSING TENS UNITS AND OTHER HARDWARE
REPEATEDLY IN A GROSSLY AND REPEATEDLY
NEGLIGENT MANNER

1. Complainant repeats the previous allegations as if fully set forth herein.

2. The repeated indiscriminate dispensing of TENS units and other hardware without medical need or necessity constitutes gross and repeated acts of negligence.

3. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(d) for revocation or suspension of Respondents' license to practice chiropractic in this State.

COUNT XI

PERMITTING PERFORMANCE AND APPLICATION OF
PHYSICAL MODALITIES BY UNLICENSED EMPLOYEES
WITHOUT ADEQUATE SUPERVISION.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. Respondents permitted unlicensed assistants without proper supervision to perform physical modalities, including the

placing of heat packs, electric muscle stimulation and traction without adequate supervision by a licensed chiropractor.

3. Permitting performance of such modalities in a chiropractic office by unlicensed assistants not acting under proper supervision constitutes aiding and abetting the practice of chiropractic without a license in violation of N.J.S.A. 45:9-14.5 and, therefore, professional misconduct.

4. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(e) for revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT XII

PERMITTING THE ORDERING OF TESTS BY EMPLOYEES NOT LICENSED AS CHIROPRACTORS.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. Respondents permitted employees who were unlicensed assistants to refer patients for diagnostic tests, including SSEPs, thermograms, mechanical, isometric muscle testing with torque curves, NCVs, and needle EMGs without direct supervision by a licensed chiropractor.

3. Permitting such referrals constituted aiding and abetting the unlicensed practice of chiropractic and, therefore, professional misconduct.

4. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(e) for revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT XIII

COMMITTING OR PERMITTING ASSOCIATE
CHIROPRACTORS AND UNLICENSED EMPLOYEES TO
COMMIT REPEATED VIOLATIONS OF THE BOARD'S
RULES REGARDING PATIENT RECORDS AND
CHIROPRACTOR OF RECORD, N.J.A.C. 33:44E-2.2
AND N.J.A.C. 33:44E-2.4 RESPECTIVELY.

1. Complainant repeats the previous allegations as if fully set forth herein.
2. Contrary to and in violation of the provisions of N.J.A.C. 33:44-2.2(a), Respondents failed to keep records or kept only illusory, unreliable and substantially undifferentiated records regarding a pertinent case history, findings on appropriate examination, diagnosis/analysis, a treatment plan, the name of the licensee or other person rendering the treatment (such as unlicensed persons providing modalities), notation of significant changes in patient's condition and/or significant changes in treatment plan, and periodic notation of patient status regardless of whether significant changes had occurred.
3. Contrary to and in violation of the provisions of N.J.A.C. 13:44E-2.4(a), Respondents failed to have a chiropractor of record designated for each patient.
4. Contrary to and in violation of the provisions of N.J.A.C. 33:44E-2.4(b), Respondents failed to provide for the conspicuous identification of the chiropractor of record on the patient records.
5. Contrary to and in violation of N.J.A.C. 33:44E-2.4(d), Respondents failed to provide, in their multi-chiropractor practice, that the chiropractor of record remain the same until a

subsequent chiropractor affirmatively noted in the patient record that he or she was currently the chiropractor of record.

6. Contrary to and in violation of N.J.A.C. 13:44E-2.4(e), Respondents committed professional misconduct in that they failed to provide for compliance by their associates within the treatment centers with the requirement that a new chiropractor of record must review the patient's history and chiropractic records, examine the patient, if necessary, and either develop a new treatment plan or continue the pre-existing plan.

7. All of the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(e) and (h) for revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT XIV

DIRECTING OR PERMITTING THE FALSIFICATION OF RECORDS.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. When, in late 1992 or early 1993, due to computer programming or computer error, information submitted to third part payers regarding patient records did not correspond and correlate with the actual treatments rendered to a significant number of patients as reflected in the treated records, Associates were ordered by Respondents through the office manager, Frieda Finklestein, to change their records of patients' treatments solely for the purpose of having the information correspond with the computerized records submitted to a third party payer.

3. Respondents had previously directed Associates to obey the directions of the office manager, Frieda Finklestein.

4. This conduct constitutes a violation of N.J.A.C. 13:44E-2.2(a) which requires that accurate patient records be maintained by licensees of the Board.

5. In any cases where the patient was truly injured, such a change in records could be severely detrimental to the safety and welfare of the patient. This conduct therefore constituted gross and repeated acts of negligence. This conduct also constituted dishonesty, fraud deception or misrepresentation and professional misconduct.

6. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(b), (c), (d), (e) and (h) for revocation or suspension of Respondents' licenses to practice chiropractic in this State.

COUNT XV

ISSUANCE OF FALSE AND MISLEADING NARRATIVE REPORTS OF PATIENT DIAGNOSIS, TREATMENT, STATUS AND PROGNOSIS.

1. Complainant repeats the previous allegations as if fully set forth herein.

2. Narrative chiropractic reports entitled "From the Desk of Mary Pat Ferreri, Executive Administrative Assistant to Drs. Verchow and Kuntzevich" were issued in the cases of most patients purportedly treated at the treatment centers of Respondents. These reports were purportedly dictated but not read

by "Dr. Steven Verchow, Dr. Alexander Kuntzevich and Associates" they were regularly left unsigned, with the signature lines being left blank.

3. These reports uniformly indicated that there was permanent injury suffered by patients and that further treatment was necessary, except in two types of cases:

A. If insurance coverage had been terminated due to the performance of an independent medical examination or due to some other reason, further treatment was not reported to be required.

B. If the patient had unilaterally stopped coming for visits, the narrative reports routinely stated there was no permanent injury.

4. These reports were false and misleading. They did not accurately reflect a diagnosis or patient status as required by N.J.A.C. 13:44E-2.2(a)5 and 11; their sole purpose was to defraud third party payers and adverse parties in personal injury lawsuits. This constitutes dishonesty, fraud, deception and misrepresentation.

5. All the foregoing constitutes grounds pursuant to N.J.S.A. 45:1-21(b), (d), (e) and (h) for revocation or suspension of Respondents' licensees to practice chiropractic in this State.

WHEREFORE, it is respectfully demanded that the State Board of Chiropractic Examiners:

1. Suspend or revoke the licenses theretofore issued to Respondents to practice chiropractic in the State of New Jersey;
2. Issue an Order directing Respondents to cease, desist and refrain from the practice of chiropractic in the State of New Jersey;
3. Assess such monetary penalties for each separate unlawful act as set forth in Counts I through XV above;
4. Order payment of costs, including investigative costs, fees for expert witness and costs of trial, including transcripts;
5. Issue an Order directing Respondents to restore to any party or governmental entity aggrieved by the unlawful acts or practices of Respondents in the course of such conduct; and
6. Order such and further relief as the Board of Chiropractic Examiners shall deem just and appropriate.

DEBORAH T. PORITZ
ATTORNEY GENERAL OF NEW JERSEY

By: 
August T. Lembo
Deputy Attorney General

DATED: October 12, 1994